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President Ronald Reagan greeting President Li Xiangnan.

U.S.-China Accord Is Approved

Beijing to Get Nuclear-Power Technology

By Joanne Ormang
Washington Post Service

WASHINGTON — President Ronald Reagan approved an accord Tuesday allowing the sale of U.S. technology for nuclear power to China. The approval came hours before the president welcomed China's president, Li Xiangnan, to the White House.

Mr. Reagan, using Chinese phrases, told Mr. Li that U.S.-China relations should be in the spirit of "hu jing, hu hai; mutual respect, mutual benefit."

"By our common opposition to aggression, we are not only enhancing our mutual security but bolstering world peace as well," Mr. Reagan said, in an allusion to the Soviet Union.

Mr. Reagan, 74, who was operating for intestinal cancer July 13, looked fit but slightly pale and was a bit hoarse. He supported the elbow of Mr. Li, who is 76, at the welcoming ceremony.

The ceremony on the South Lawn of the White House lasted only about half as long as usual, and each man remained seated as the other spoke, although they stood for both national anthems.

Mr. Li, speaking in Chinese at the ceremony, said to Mr. Reagan that he was "very happy to see that you are recovering so fast." He added that he was making the first visit to the United States as a Chinese president in order to deepen mutual understanding.

The two leaders then moved into the White House for a half-hour private session that included Vice President George Bush, Secretary of State George P. Shultz, Defense Secretary Caspar W. Weinberger, and Mr. Li's top aides.

They were to discuss a broad range of issues, including the status of Taiwan, the nuclear technology agreement, and U.S. trade and family planning policies.

On Taiwan, a senior administration official said that "new ideas have to come from the Chinese people on both sides" of the Formosa Strait. He said the United States continues to reject the idea, earlier suggested by Beijing, that the island was under U.S. control.

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A funeral Tuesday for 15 victims of unrest in South Africa drew more than 25,000 mourners. Police patrolled the service, in KwaZulu township, near Johannesburg.

In Warsaw, A Reassured Regime Turns to More Repressive Policies

By William Drozdzick
Washington Post Service

WARSAW — As the fifth anniversary of the turbulent August that created the Solidarity trade union revolved near the Polish government, it is confidently pursuing harsher, more restrictive policies in the belief that it has divided the opposition, according to Western diplomats and Polish analysts.

Since the visit to Warsaw in April by Mikhail S. Gorbachev, the Soviet leader, General Wojciech

Jaruzelski's government has carried out several stern actions, including food price increases, longer prison terms for dissidents and new curbs on academic freedoms.

The timing does not surprise specialists on the Soviet bloc, who believe that Mr. Gorbachev insisted on a crackdown.

While Polish disaffection for the Communist authorities seems as profound as ever, the harsh measures have provoked few signs of dissent. The mood seems more sullen than angry.

The subdued response has stemmed in part from the continuing disarray in the leadership of the Solidarity movement over which strategy to follow in challenging official policies.

While some opposition spokesmen believe it is inevitable that economic troubles and public disgust with communism will erode the government's authority, prag-

matic leaders such as Lech Walesa believe that Solidarity, which is officially banned, must stop being solely a protest movement and come forward with practical social and economic proposals.

The Solidarity underground recently called upon supporters to boycott the Oct. 13 elections to the Sejm, or parliament. But opposition figures have argued in favor of participation, if only to test the government's offer to permit election of some non-Communist independents to the 460-seat assembly.

"Part of Solidarity's power is its ability to grab whatever slice of power it can get right now, while another part says it is only a matter of time before the government can be brought to its knees," said a Western diplomat. "As a result, you have something close to paralysis."

The debate, however polarizing, demonstrates the vibrant life within the political underground. Even if the government maintains the upper hand in enforcing policy, the opposition continues to stimulate and set the pace for political thought. The clandestine press still seems with newly published tracts, and Radio Solidarity occasionally gets on the air.

The election will be a central test in a revived propaganda battle between Solidarity and the government. It is expected to intensify in August with the commemoration of the disorders in 1980 that gave rise to the anti-Communist trade union movement.

Mr. Walesa, on vacation with relatives outside Warsaw, has promised in recent interviews to announce ideas for specific reforms next month so that Solidarity supporters can demonstrate in favor of something, instead of just against government proposals.

His emphasis on reforms has emerged out of concern that Solidarity has concentrated too much on street and factory protests, largely ineffective, while the government has been pushing through tough measures.

The government won a major gamble this month when it completed a three-stage plan raising food and meat prices 10 to 15 percent, and managed to do so without provoking significant protests. In 1980, an attempt to increase meat prices triggered the rebellion that led to Solidarity. Earlier moves to raise prices also touched off wide protests and toppled leaders.

This time, the government was so confident the price increases would not cause trouble that it did not bother to summon extra security

Jaruzelski Plans To Visit UN in Fall

United Press International

WARSAW — General Wojciech Jaruzelski, the Polish leader, will attend the opening of the United Nations General Assembly this fall, his first visit to the West since taking power in 1981, the government announced Tuesday.

Jerzy Urban, the spokesman, made the announcement at his weekly briefing. The general took power as the Communist Party was facing collapse in the face of challenges from the Solidarity labor movement. It has recently made progress in restoring order. Poland has also been moving to improve its relations with the outside world. It has reached agreement with 17 Western creditors on rescheduling the payment of \$12 billion in interest and debt that fell due in 1982-1984.

forces to the usual trouble-spots streets and factory sites in Gdansk and Warsaw.

The 67th anniversary had called for a one-hour work stoppage, but Western diplomats said the protests had little impact because they were not widely felt.

Unlike last year, when the authorities released more than 600 political prisoners as a gesture, there has not been any reason this

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441 Being Held In South Africa; Tutu Asks Blacks To Stop Killings

By Glenn Frankel
Washington Post Service

KWATHEMA, South Africa — Bishop Desmond Tutu, the Nobel Peace Prize winner, pleaded Tuesday with black township residents to stop killing fellow blacks accused as government collaborators.

The police announced that they had arrested 441 people since South Africa declared a state of emergency on Sunday.

Among those arrested was Molly Blackburn, 53, a member of the opposition Federal Progressive Party and a leader of the women's welfare group Black Sash, which aids blacks. She is the most prominent white to be detained in the current crackdown.

At least two more persons were killed as unrest continued in townships outside the cities of Johannesburg and Port Elizabeth, police said. The report did not give the names of the townships where incidents had occurred.

The police released the names, race, sex and home city of the 441 they said they had detained under the sweeping emergency proclamation. But unofficial sources in Johannesburg said they believed that several dozen more people had been rounded up Tuesday.

At the first political funeral since the emergency was declared, Bishop Tutu denounced both the government and its opponents who resorted to killing as "senseless."

The funeral, for 15 victims of the recent black unrest, was held in KwaZulu township near Johannesburg.

Bishop Tutu warned that he and his family would leave South Africa unless blacks heeded his call to stop murdering other blacks.

Referring to the killing Saturday in neighboring Duda, of a woman accused of being a police informer, Bishop Tutu told a crowd estimated at between 25,000 and 50,000, "If you do this again, I will find it difficult to speak out of our liberation."

Many of the blacks killed by blacks were people identified as working for the government either as police officers, local councilmen or spies.

Bishop Tutu and another Anglican bishop, Simeon Nkomo, saved the life of an accused collaborator

two weeks ago at a funeral in Duda. He noted that the murder Saturday of the alleged informer, who was beaten and burned, had been videotaped by journalists and broadcast on television here and abroad. He warned that some view-ers overseas might conclude: "If those people can do something like this, maybe they are not ready for freedom."

The message received a mixed reaction from the crowd, with many people booing his words. Earlier the crowd had chanted a plea in Zulu to Oliver Tambo, the exiled leader of the outlawed African National Congress, the leading black resistance movement.

"Please, Oliver Tambo, give us weapons, we want to hit back at the state."

The ceremony was held at the community soccer stadium, and at first it appeared that most residents would heed the implicit warning of the police vehicles roaming the township and not attend. But gradually the audience began to swell until finally the entire stadium was packed with angry mourners.

Bishop Keith Sutton of Lichfield, England, representing the archbishop of Canterbury, also attended the service. In his purple liturgical robes, he moved among the families of the dead.

Few words were spoken, and Bishop Sutton recalled the comfort his African parishioners had given him years ago in Uganda when his daughter died.

"It's not so much what you say but that you're here and you hold their hands and that you feel," he said.

Police later reported that a large group returning from the funeral had stoned the house of a local black official and that the official had fired two rounds of bird shot into the mob. "Injuries are unknown," the report said.

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Israeli Ships Shell Sidon, Trade Fire With Moslems

Reuters

SIDON, Lebanon — Four Israeli warships shelled the port of Sidon in southern Lebanon on Tuesday, setting a cargo ship ablaze in the harbor, witnesses said.

They said the warships had hurled dozens of shells at the harbor and into suspected militia positions in hilly areas beyond the city.

The Roule, a freighter with Honduran registry, took a direct hit and was set on fire. Its Greek captain said that it had been trying to unload cement from Cyprus.

The witnesses said that return fire from Moslem militiamen using anti-aircraft guns, rocket launchers and hand-held anti-tank rockets was falling into the sea well short of the Israeli warships.

In Tel Aviv, a military spokesman said that Israeli gunboats had been on a routine patrol off the Lebanese coast when they spotted "a merchant ship engaged in suspicious activity."

The Israeli vessels approached the ship and fired on it from both the ship and the shore, the spokesman said. "Our gunboats returned fire toward the ship, which was hit," he said. An Israeli sailor was reported wounded.

It was not known if the Israelis believed that the ships were carrying arms for Lebanese Moslem militia or fighters in two Palestin-

ian refugee camps outside Sidon. Sidon's representative in the Lebanese parliament, Nazih Bizi, said earlier this week that the leader of the Palestine Liberation Organization, Yasser Arafat, was pouring money and arms into the camps. Arafat's spokesman, Abu el Helwan and Mijeh Mijeh, said they have a total of 22,000 inhabitants.

Mr. Bizi charged that Mr. Arafat was trying to turn the camps into power bases in southern Lebanon and provoke a conflict with local Moslem forces, which are backed by Syria.

Last week, Moslem militiamen in Sidon said they had intercepted two container trucks driven by Jordanians trying to smuggle arms into the area.

The trucks apparently came from the northern Lebanese port of Tripoli, which is dominated by a pro-Arafat Moslem militia opposed to Syria.

After Tuesday's shelling, port officials said, the Roule's seven-man crew was taken to a hospital with injuries. The seven-man crew of two other vessels in the harbor, identified as the Lebanese ship GRC and the Panamanian-registered Manda, were also taken off.

Firemen said the blaze on the Roule was out of control and that the ship was in danger of sinking.

Widespread Fraud Reported in Haiti Referendum

Compiled by Our Staff From Dispatches

PORT-AU-PRINCE, Haiti — There is evidence of widespread fraud in a referendum on the presidency of Jean-Claude Duvalier, according to opposition leaders and journalists who observed the voting Monday.

The Haitian government denied there had been any irregularities. Officials said the results, which were not expected before Tuesday night, would show an overwhelming victory for the Duvalier regime.

At voting places visited by foreign reporters on Monday, there was no pretense of secret balloting, and many people said they had voted several times. Unlike during recent elections for the legislature and mayors, voters' fingers were not dipped into dye after they had voted.

In Port-au-Prince, the capital, about a dozen persons crowded around a reporter outside the city hall polling station, and most said they had voted more than once.

Jacques John, a 28-year-old tailor, said he voted eight times, all "yes." His wife, Rosman, said she voted six times.

Gregoire Eugene, a 60-year-old lawyer and one of the leading critics of the government, said that poor, illiterate people were being transported by bus from one voting place to another and were casting numerous ballots.

Throughout the morning, packed buses were seen bringing people to vote at city hall and then taking them away. Journalists who followed one bus said it had stopped at three other polling

places where the same passengers also voted.

There were no outside observers of the election process. The United States, which has been pressing Mr. Duvalier to make his rule more democratic, sent a single representative.

The ballots consisted of white rectangles of typing paper with a printed statement explaining that the referendum dealt with constitutional changes, including a law regulating the organization of political parties. Voters were asked to vote "yes" or "no" on whether the entire package should be accepted.

The package includes the continuation of the institution of the president-for-life, by which the Duvalier regime is perpetuated with-

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Jean-Claude Duvalier

Contest for Political Loyalties Divides Chinese in U.S.

By David Holley
Los Angeles Times Service

LOS ANGELES — The voices of hundreds of children rang through the Chinese Confucius Temple School of Los Angeles on a recent morning as young immigrants, refugees and U.S.-born Chinese-Americans recited lessons in Chinese.

Classes at the Chinatown school emphasize Chinese language and culture — especially Confucian morality — rather than politics, said Johnny Chang, the principal.

But books for its 1,000 students are gifts of Taiwan's government, "so it can't be avoided that they have a bit of political content," he said. "They introduce more about things on Taiwan and less about the mainland."

The school is run by the Chinese Consolidated Benevolent Association, the leading pro-Taiwan organization in Chinatown in Los Angeles.

The lessons taught there represent the struggle among the Communist government in Beijing, the Nationalist government in Taipei and the Taiwanese independence movement for the support of ethnic Chinese in America.

This contest permeates Chinese community life throughout the United States. Many newspapers, bookstores, political associations, language schools, churches, businesses, television networks, social clubs — even some restaurants — can be classified by where they stand.

"This struggle goes on every day, in this restaurant, this community, this state, this nation," said Dennis Wong, a pro-Nationalist clan association leader, as he sat in a San

Francisco restaurant. "Taiwan wants to keep the loyalty of the overseas Chinese, and the mainland wants to take it away."

The conflict has roots in the history of the Chinese Communist revolution of 1949 and

seeks support for reunification of Taiwan with the mainland.

The latest weapon in this battle appeared on newspaper racks in Chinatowns across the United States this month: a new overseas

"Taiwan wants to keep the loyalty of the overseas Chinese, and the mainland wants to take it away."

Dennis Wong

Pro-Nationalist clan association leader

in provincial and linguistic distinctions among ethnic Chinese.

Cantonese speakers from South China, for example, have no ancestral roots in Taiwan and little reason to support the Taiwanese independence movement. If they or their relatives have suffered under communism, they may support the Nationalists in Taipei. But if they visit their native villages and feel pride in China's accomplishments, they may lean the other way.

Competition between Beijing and Taipei — through organizations such as the temple school, with its Taiwan-oriented presentation of Chinese culture — exacerbates the differences.

Both governments view overseas Chinese as potential sources of investment capital and technical expertise, as well as having some influence over U.S. government policy. Taipei would like students and scholars from China now temporarily in the United States to turn against communism, while Beijing

edition of the Chinese Communist Party's official People's Daily.

The eight-page paper, edited in Beijing but printed in San Francisco and New York, uses old-style Chinese characters now abandoned in China but generally familiar to overseas Chinese. Ideological articles are trimmed and extra emphasis is placed on features about life in those parts of southern China that have sent disproportionate numbers of emigrants abroad.

The new edition constitutes "a bridge" linking overseas Chinese with their homeland that "will play a very great role" in promoting the reunification of Taiwan with the Chinese mainland, asserted Maurice Chuck, founder and editor in chief of the San Francisco Journal, which prints the paper for distribution in western North America.

The 1980 U.S. Census counted 812,178 ethnic Chinese in the United States. 37 percent of them native-born Americans, with 325,882 living in California.

Before President Richard M. Nixon's trip to Beijing in 1972, ethnic Chinese in the United States were overwhelmingly pro-Taiwan.

With U.S. diplomatic recognition of the People's Republic of China in 1979, growing numbers of Chinese diplomats, students and scholars came to the United States at a time when China was promoting moderation at home and increased contacts abroad. Chinese-American institutions with ties to Beijing began to prosper.

Immigrants from Taiwan are deeply divided by a split between the native Taiwanese, who speak their own dialect of Chinese, and Mandarin speakers who fled the 1949 Communist victory on the mainland.

Since its retreat from the mainland, the Kuomintang has ruled Taiwan under martial law, denying significant political power to the Taiwanese who constitute 85 percent of the island's 19 million population. It is illegal in Taiwan to support either communism or Taiwanese independence.

It is in the Chinese language press that some of the keenest political competition can be seen.

The Chinese Daily News, the largest Chinese-language newspaper in the United States, is a key pro-Kuomintang institution. It was founded in 1975 and claims a circulation of about 100,000.

The San Francisco Journal, where the new overseas edition of the overseas People's Daily is printed, was founded by Chinese-Americans in 1972. Its purpose is "to promote normalization of U.S.-China relations and to promote understanding of China," said Diana Hong, the general manager.

Toyota to Set Up Auto Plant in U.S.; Production Scheduled to Start in '88

By John Burgess
Washington Post Service

TOKYO — The Toyota Motor Corp., Japan's largest automobile manufacturer, said Tuesday it would set up a wholly owned plant in the United States capable of turning out 200,000 cars a year. It said production would begin in 1988.

The factory is scheduled to produce compact cars with engine capacities of 2,000 cubic centimeters. Toyota gave no firm word on the size or cost of the plant, but it reportedly would be in the Midwest or South and would cost from \$600 million to \$800 million.

The plan, approved Tuesday at a meeting of Toyota's board of directors, marks the latest bid by the Japanese auto industry to get around export restrictions and protectionist sentiments in the United States by setting up U.S. factories.

Simultaneously, Toyota announced it would establish its first car factory in Canada. The plant, scheduled for a 1988 opening, will have an annual capacity of 50,000 Corolla-type cars with engines in the 1,600-cubic centimeter range.

In a third announcement, Toyota said that 50,000 Corolla-type cars per year would be made for sale in the United States under the Toyota name at its plant in Fremont, California, which is a joint venture with General Motors. The cars are scheduled to begin coming off the assembly line in the fall of 1986.

"We have received many requests from our dealers and from government to set up plants over there," said Toyota's president, Shoichiro Toyoda. "We would like to cooperate. We'd like to do our best to maintain good relations between the United States and Japan."

Mr. Toyoda said the Japanese government hoped investment of this type, by creating jobs in the United States, would ease protectionist pressure.

Toyota produced 3.4 million vehicles last year, about half of which were exported. It has vehicle or parts factories in about 30 countries.

Like all Japanese auto companies, it is concerned about long-term access to the American market. Under pressure from

Washington, Japan is now limiting auto exports to 2.3 million per year. A surcharge on imports that Congress is considering would hurt the Japanese auto industry, which had about \$20 billion in sales in the United States last year.

"Toyota's move was bound to come," said Yasumasa Kikumaru, senior researcher at Daiwa Securities Research Institute. "We can't expect that Japan will be able to increase its direct export of cars to the United States."

This spring, full-scale production began at the California plant of New United Motor Manufacturing Inc., as Toyota's joint venture with GM is called. Output next

year is to grow to 200,000 cars. They will all be marketed by GM as Chevrolet Novas.

However, Toyota feels its name and its dealer network are not best served by this arrangement. It has arranged to use a 50,000-vehicle unused capacity at the joint venture plant to produce Corolla-type cars under its own name.

Toyota has long been known to want full control of a major production facility in the United States and the 200,000-unit plant will achieve that, Mr. Toyoda said no decision has been made but the company is thinking of a 50-50 split between U.S. and Japanese parts in the cars.

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Personality Cult: Gorbachev Says No to Communist Tradition

By David Binder
New York Times Service

WASHINGTON — In the Soviet Union, where the first "cult of personality" was created for Lenin more than 60 years ago, the practice of exaggerated veneration is in disuse, on orders from high.

Mikhail S. Gorbachev, the new Soviet leader, has discouraged "automatically laudatory phrases," says Paul K. Cook, the State Department's senior Soviet expert.

Mr. Gorbachev has barred the use of "head of the Politburo" — not a legally valid title, but one frequently used in the past, Mr. Cook continued, as "an early step on the path to the cult."

But the kind of cult that Stalin built for Lenin and later for himself is alive and well along the edges of what Stalin used to call the "Socialist camp," fostering smaller avatars in the persons of Fidel Castro in Cuba, Kim Il Sung in North Korea, Todor Zhivkov in Bulgaria and Nicolae Ceausescu in Romania.

Each presents himself more or less as a deity in his national firmament, and Mr. Kim and Mr. Ceausescu even seem to be entering the idea of keeping power in the family. Mr. Kim is evidently bent on passing the torch to his son, Kim Jong Il, and Mr. Ceausescu seems similarly inclined toward his son Nicu.

In Eastern Europe since 1956, when Nikita S. Khrushchev un-



Nicolae Ceausescu



Fidel Castro



Kim Il Sung



Todor Zhivkov

veiled some of Stalin's worst deeds, the cult of personality has been officially designated.

But in North Korea, President Kim, 73, is routinely described as the "Great Leader." His birthplace is a national shrine and giant statue of him dominates the landscape. He is described in the 25 volumes of his collected works as the "ingenious thinker and theoretician" who inspired nearly every mental or physical accomplishment of his country for 40 years.

Brian, birthplace of Mr. Castro 57 years ago, is not a pilgrims'

shrine, but the stations of his revolutionary march to Havana already are.

The "Maximo Lider" appears on Cuba's 1, 10, and 20 peso notes. Mr. Ceausescu, who is 67, has a shrine at his birthplace in Scornesti, inaugurated since he came to power two decades ago. His cult was slow in building, having to displace the incipient cult of his predecessor, Gheorghe Gheorghiu-Dej.

In Mr. Ceausescu's first year in power, many rural Romanians did not know that Gheorghiu-Dej had

died, much less the name of the successor.

But in time, he published 25 volumes — entitled "Romania on the Road to Building the Multilaterally Developed Socialist Society" — and could count on party agitators to see to it that his speeches were interrupted with cheers of "Ceausescu — Peace!" "Long Live Ceausescu!" "Ceausescu and the People!" and "Ceausescu Triumphant!"

Having covered himself with other honors, he was inducted July 12 into the most prestigious sci-

entific body, the Academy of the Socialist Republic of Romania.

In Bulgaria, Mr. Zhivkov, who is 73, has governed for more than three decades, one of the longest tenures in 13 countries of Eastern Europe. The country's newest superhighway leads from the capital to his hometown of Pravets, in the Balkan Mountains, where his family home is visited by every grade-school class.

A Zhivkov statue dominates the main square and a museum depicts scenes of his life. His sayings are

being collected in 29 volumes. To be sure, there have been other notable cults in Communist countries. Mao in China with his little red book, Marshal Tito in Yugoslavia, and Enver Hoxha in Albania, whose collected works numbered 40 volumes before he died in April.

Walter Ulbricht had a try at it in East Germany before he was deposed in 1971, as did Hungary's Matyas Rakosi, Czechoslovakia's Klement Gottwald, and Vietnam's Ho Chi Minh.

But none of these cults of living personalities surpassed the model set by Stalin, who rewrote official Soviet history, had a city renamed Stalingrad (now Volgograd), and other "Stalin" cities in Poland, East Germany, Hungary, and Vietnam's Ho Chi Minh.

Nor would it seem that heretofore remarks about the current personalities bring the stern retribution common in Stalin's time — execution or slow death in labor camps.

It has usually taken at least a dozen years in power to promote a personality cult. Leonid I. Brezhnev had been at it for only a few years when he died in 1982 and little remains of that venture.

His successors, Yuri V. Andropov and Konstantin U. Chernenko, died before cults could get started. So it is too early to tell if the overweening personality cult is a permanent thing of the past in Moscow, and merely a passing phenomenon in the fringes of the Communist world.

WORLD BRIEFS

Israel Is Said to Favor 2 Arabs on List

JERUSALEM (Reuters) — Prime Minister Shimon Peres said Tuesday that two names on a list of Palestinians proposed for participation in Middle East peace talks would be acceptable to Israel, an official said.

The Israeli official said that Mr. Peres, addressing a closed parliamentary committee, did not say which of the seven delegates proposed by Jordan and the Palestine Liberation Organization were favored by Israel. The Israeli radio said that Mr. Peres was referring to Hanna Seniora, editor of the Arab newspaper Al Fajr, and Faiz Abu Rahmeh, former head of the bar association in the Gaza Strip.

Mr. Peres said last week that the entire list, which included members of the PLO and the Palestine National Council, the PLO's legislative arm, was unacceptable.

Ethiopian Jews Win Israeli Concession

JERUSALEM (Reuters) — Ethiopian Jews, who have expressed anger over not being fully recognized as Jews in Israel, will no longer be asked to take a symbolic conversion bath, the country's chief rabbis said Tuesday.

The statement, after a meeting between Prime Minister Shimon Peres and the two rabbis, Avraham Shapira and Mordechai Elihu, followed weeks of protests by the 15,000 immigrants, many of whom arrived in secret airlifts in January and March. Mr. Peres intervened in the dispute after hundreds of the Ethiopian Jews journeyed to Ben-Gurion Airport last week, saying that they had been humiliated by the rabbis and wanted to emigrate.

Like other Jews the Ethiopians will still be required to prove that they are full-fledged Jews before marrying, and rabbis might demand that they take a mikveh, or ritual bath, then.

Malaysia to Barricade Thai Border

KUALA LUMPUR, Malaysia (AP) — Malaysia plans to build a barricade, of concrete walls in some areas and barbed-wire fences in others, along the 375-mile (600-kilometer) Thai-Malaysian border, Musa Hitam, deputy prime minister and minister of home affairs, told parliament Tuesday.

Malaysian security patrols and special forces will be stationed along the barricade, Mr. Musa said. It is aimed chiefly at keeping out Communist guerrillas from southern Thailand and at preventing the smuggling of drugs, firearms and other items from Thailand into Malaysia.

The northwestern link will be a concrete wall about 15 feet (4.57 meters) high in Perak state near Kroh. Mr. Musa called the project a "positive move accepted by both countries" and said that Malaysia and Thailand have reached complete understanding about it.

Court Rejects Greek Publisher's Suit

ATHENS (AP) — A civil court, citing a legal technicality, has dismissed two suits involving a journalist's accusation that an Athens newspaper publisher had links to the KGB, it was announced Tuesday.

George Bobolias, the publisher of Greece's largest-circulation paper, Ethnos, had filed a suit seeking \$379,000 in damages from Paul Anastasi, a Cypriot journalist who works as an Athens-based correspondent for The New York Times and the Daily Telegraph of London. Mr. Anastasi had published a book alleging that Ethnos was published in cooperation with the disinformation department of the Soviet intelligence service.

A \$1.5-million countersuit was filed by Mr. Anastasi. In dismissing the suits in May, the court said they should have been filed in criminal courts that judged earlier cases involving the two men.

Austria Readies List of Tainted Wines

VIENNA (Reuters) — Government officials were drawing up a list of Austrian wines illegally doctored with a chemical used in automobile antifreeze, three months after the scandal broke.

The list was being prepared Tuesday as authorities exchanged recommendations over the apparent delay in taking action. Some called for the resignation of Agriculture Minister Günther Haiden. The list was expected to be sent to the governments of Austria's nine provinces, which will be asked to distribute it immediately and warn the public against drinking the wines, a Health Ministry official said.

The wines contain toxic diethylene-glycol, which can cause kidney damage. Tainted wines have also been found in West Germany, Switzerland, the Netherlands, Britain, France, Poland and North America. Wines from 38 firms in the provinces of Burgenland, Lower Austria, Styria, the Tyrol and Vienna were expected to appear on the Austrian list.

U.S. House Tries to Keep Budget Cuts

WASHINGTON (UPI) — House Democratic leaders decided Tuesday to propose a resolution that would bind all spending bills to the version of the U.S. budget that it has passed.

The resolution, which will be voted on Wednesday, is viewed as certain to pass. It is intended to protect the cuts the House has approved for the budget regardless of whether a compromise is reached with the Senate. Both chambers have approved budgets that would reduce the deficit by \$56 billion in fiscal 1986, but a compromise committee has tried unsuccessfully for more than six weeks to reach agreement on specifics.

Top congressional leaders from both parties were planning to meet with White House officials in an effort to break the impasse.

Pentagon Calls Ramming an Accident

WASHINGTON (AP) — The Defense Department on Tuesday backed off from an earlier suggestion that a Soviet truck may have purposely rammed a U.S. military car carrying three Americans in East Germany two weeks ago. A spokesman said the incident now appears to have been an accident.

The spokesman, Fred Hoffman, said U.S. and Soviet military officials had met after the July 13 accident, which prompted a U.S. protest. One American soldier was injured slightly in the incident, which occurred on a public highway northeast of East Berlin.

"We're still looking into the matter," Mr. Hoffman said. "But there have been discussions with the Soviets. Indications are that the incident may not have been intentional." He declined to elaborate.

'Busiest Office I've Ever Worked In' Handles Woes of American Travelers

New York Times Service

WASHINGTON — The calls are funneled to a room on the fourth floor of the State Department, from all over the United States and around the clock, half a million of them a year.

A husband is missing in Thailand. A son is out of money in France. A sister has died in Brazil. A business partner has been arrested in Egypt.

The calls are taken by the Office of Overseas Citizens Services, which acts as an intermediary between relatives and friends of American travelers and U.S. embassies and foreign governments.

With more than 16 million Americans living abroad or expected to travel abroad this year, the office's staff of 75 is one of the busiest in Washington, particularly at the height of the summer tourist season.

Many callers seem on the verge of panic. The officials who field the calls try to calm them down and then to solve the problem at hand. This is done by contacting U.S. diplomatic officials abroad or the government of the country concerned or both.

The office was called on to relay information to families of the hostages aboard the jetliner hijacked last month in the Middle East.

James P. Callahan, a press officer, said the staff worked day and night and called the families of each hostage twice a day, even when there was no information to relate. The office was also flooded with calls from tourists wondering whether airports they were planning to use were safe.

Another official, Thomas P.

Furey, remembers a far more typical case involving a father whose daughter was in Nepal.

"He was desperate because he hadn't heard from her in months," Mr. Furey said. "He was convinced she was dead, and he asked us to get the embassy to find her body. Within two hours of our notifying the embassy, they had located his daughter. She had been sending him letters, but they must have been lost in the mail. The man was ecstatic."

An estimated 5,000 American travelers ended up out of money last year. The office arranged with families to have about \$3 million transferred to embassies to tide them over.

The office also receives 100 or so cables a day from U.S. diplomatic posts abroad. Many result in phone calls to relatives or business colleagues of Americans who are traveling abroad and have run into difficulty.

In Beirut, Shiite Gunmen Flock to See 'Rambo' Film

BEIRUT — The American film hero Rambo, a virile war veteran who takes bloody vengeance in Vietnam to win the release of imprisoned U.S. servicemen, has enchanted the Moslem militiamen of West Beirut, despite its pro-American message.

After the Beirut airport hijacking incident, in which Moslem militiamen guarded U.S. hostages, President Ronald Reagan joked that he would know what to do next time: Send Rambo.

In "Rambo, First Blood — Part II," Sylvester Stallone is a Vietnam War veteran who returns to Southeast Asia to rescue U.S. prisoners of war. Abandoned by U.S. officials while on his mission, Rambo shoots, bombs and garrotes scores of Vietnamese to free the Americans and salvage what he sees as America's lost honor.

In Beirut, Shiite Moslem militiamen are flocking to the Estrin theater, where a billboard of Rambo, festooned with weapons, towers above Hamra Street, where Moslem factions recently fought battles.

Mohammed Sweid, a film critic for As Safir, a leftist daily newspaper, said Beirut audiences responded overwhelmingly to Rambo's personality and would tend to overlook his Cold War politics.

"What fascinates people here," Mr. Sweid said, "is that Rambo believes only in his gun, only in himself, that everything in his world is done by brute force." Politically, the critic said, Rambo is "an American messiah. The U.S. has been seeking him ever since the hostage crisis in Iran. But in military terms, he is a fighter's idol."

Widespread Fraud Is Seen In Haiti Vote

(Continued from Page 1)

out elections; the right of the president to name his successor, and the creation of a prime minister post. Opposition leaders have asserted that the constitutional changes were enacted in response to threats from the United States and other nations that foreign aid would be cut off if the government failed to improve human rights and move toward democracy.

The opposition leaders describe the latest changes as a step backward because they provide for a prime minister who is to serve at the pleasure of the president and a law that requires political parties to promise not to oppose the institution of president-for-life, the central point of their opposition.

Officials at one of the voting stations at city hall said after several hours of operation Monday morning that only one "no" ballot had been cast.

The ballots were printed in French, a language that is understood by only about 10 percent of Haiti's six million people. The universal language of Haiti is Creole, a mixture mainly of African dialects and archaic French with some English and Spanish. (NYT, AP)

Reagan Approves Pact With China To Sell Nuclear Power Technology

(Continued from Page 1)

Washington should act as an intermediary.

The dominant issues in Tuesday's talks were expected to be relations with the Soviet Union, China's modernization effort and the mutually cautious plans to lower trade restrictions.

The United States did \$6.5 billion in trade with China last year. A projected \$6 billion in nuclear power

Poland Shows Confidence

(Continued from Page 1)

year for the government to solicit cooperation from its opponents.

In addition, the government unveiled last weekend a large bronze monument honoring 22,000 members of the internal security forces who died putting down anti-Communist resistance fighters after World War II.

Last October, several security policemen were tried and convicted of the brutal murder of a pro-Solidarity Roman Catholic priest, the Reverend Jerzy Popieluszko.

Paying tribute to the security police so soon after the trial was "like pouring salt into the wounds of the political opposition," a Western diplomat commented.

Rock Hudson Has Inoperable Cancer

Compiled by Our Staff From Dispatches

LOS ANGELES — Rock Hudson, one of Hollywood's top stars during the 1950s and 1960s, is suffering from inoperable liver cancer possibly linked to acquired immune deficiency syndrome, or AIDS, his publicist said Tuesday.

Mr. Hudson, 59, is at the American Hospital of Paris in the suburb of Neuilly-sur-Seine, the publicist, Dale Olson, said. "His doctors have diagnosed that he has cancer of the liver and that it is not operable," Mr. Olson said. "He's been in and out of a coma. He's a very, very sick man."

Mr. Olson said that, while Mr. Hudson's most recent examination gave no indication of AIDS, "we have had reports from others that Rock was suffering from AIDS. We simply don't know. The reports have been confused." (UPI, AP)

plant sales could be opened to U.S. bidding under the new pact, which was signed last Tuesday.

The president was briefed Tuesday morning by Mr. Shultz and his national security adviser, Robert C. McFarlane, before he approved the signing of the U.S.-Chinese nuclear agreement.

The accord sets up a legal framework for the sale of nuclear reactors to China for peaceful purposes and stipulates that no material or equipment shall be used for nuclear explosive devices or any other military purposes.

The pact was initiated during Mr. Reagan's visit to China 15 months ago, but was held up because of intelligence information that China might have assisted Pakistan in its efforts to develop a nuclear-weapons capability. Both China and Pakistan have denied the reports.

In his briefing, the senior U.S. official said that China has undergone a "very substantial change" in its attitudes toward preventing the spread of nuclear weapons in recent years.

The Chinese, he said, made a public commitment to nonproliferation of nuclear arms in January 1984, and repeated it in May 1984, and again in January 1985.

"It's not written down in the agreement, but it is absolutely clear to China" that U.S. cooperation in nuclear matters will cease if the terms of U.S. law are not met, he said.

The treaty must be submitted to Congress, but will automatically take effect after Congress remains in session continuously for 90 days without both houses passing a resolution rejecting the pact.

Mr. Reagan's meeting with Mr. Li came one day after he nominated Winston Lord, until recently the president of the Council on Foreign Relations, to be U.S. ambassador to China.

Mr. Lord, 47, is expected to win confirmation by the Senate to replace Arthur Hummel.

15 Companies Seek Sales
Fifteen U.S. companies have sought authorization to sell nuclear power equipment and services to China, The New York Times reported from Washington.

A government official said Monday that the companies are seeking to sell reactor vessels, engineering and design services, pumps and other hardware to China, which plans to build 10,000 megawatts of

nuclear generating capacity by the year 2000.

The Energy Department has approved 24 proposals by the companies for sales to China during the last two years, but none has been completed because the State Department has not concurred.

At the White House on Tuesday, Mr. Reagan's spokesman, Larry Speakes, denied that pressure from businesses had played any part in the approval of the pact.

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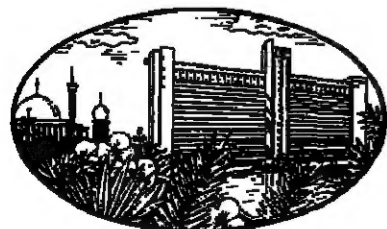
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Shiite prisoners at Israel's Atlit camp serving themselves food on Tuesday.

Israel to Free 100 More Lebanese Prisoners

Washington Post Service

JERUSALEM — The Israeli

Army command reaffirmed Tuesday that it was preparing to release Wednesday about 100 more Lebanese prisoners captured during raids into southern Lebanon earlier this year. This would leave approximately 335 mostly Shiite Moslem detainees still held in Israel.

Those released Wednesday would be the first group of Arab prisoners detained at the Atlit prison camp south of Haifa to be released since 31 prisoners were freed after the hijacking of a TWA airliner to Beirut last month.

Since then, Israeli officials have continued to maintain that they were not releasing prisoners in response to terrorist pressure but that the detainees had been held all along only as a temporary measure and would all be released as soon as security in southern Lebanon was stabilized.

AMERICAN TOPICS



LIFE AFTER WHITE HOUSE — Amy Carter, 17, daughter of former President Jimmy Carter, works at her summer job as a runner in the bond pits at Chicago Board of Trade. "I don't usually get recognized," she said. "I feel like one of the crowd."

Talking Back To Television

Battered by libel suits and attacks on their credibility, television networks and local stations are beginning to let viewers talk back on screen. Critics of ABC's "60 Minutes" and other news programs have been dropping letters for four or five minutes every two weeks on its "Today" show. CBS dropped its letters program and has yet to adopt a new format for airing viewers' opinions.

Newspapers do not run such a great risk of losing readers if they publish critical letters. Readers can simply turn to another page if the material doesn't appeal to them. Television, on the other hand, risks sending viewers to another channel.

Tips for Nominees At Senate Hearings

Tom C. Korologos, a former lobbyist for the White House on Capitol Hill, now represents such corporations as Amstar, Boeing, Helix and Norther. But he continues to lead the Reagan administration's hand with Senate confirmation hearings.

The work is unpaid, but the contacts and publicity are priceless. Some people question the propriety of a private-sector lobbyist helping the White House.

Mr. Korologos has helped with such contentious appointments as Alexander M. Haig Jr. for secretary of state, Edwin Meese 3d for attorney general and William P. Clark for secretary of the interior.

His advice to nominees: Appear at the hearing on time and don't speak unless spoken to. Remember that senators "can ask anything, questions that would never be admissible in court — hearsay, rumors, anything." And finally, no nominee, before being confirmed, should ever go near his or her prospective office, "not even to measure the chair. It's an affront to the Senate."

Short Takes

The Federal Merit Systems Protection Board, in a poll of 4,900 federal employees, asked them whether they felt they would be rewarded or promoted if they worked harder. Sixty-two percent said they considered this unlikely.

In last week's *Intellectual All-Stars* softball game on the Mall in Washington, the American Enterprise Institute, which lends the political right, fielded only left-handed pitchers and the Brookings Institution, which is more leftist, used only right-handed pitchers. The right — or

was it the left? — prevailed. Enterprise won 16-13.

The Real Tara Of Scarlett O'Hara

Next year is the 50th anniversary of the publication of "Gone With the Wind" and two counties near Atlanta — Clayton and Coweta — are quarreling over which should build a theme park based on Tara, the plantation of Scarlett O'Hara, the heroine, the *Los Angeles Times* reports.

Betty Talmadge, a businesswoman and the former wife of Senator Herman Talmadge, paid \$500,000 seven years ago for the facade of the Tara plantation house that was used in the film. She plans to donate it to whichever county produces the most "credible memorial" to Margaret Mitchell, the book's author.

Oddly, the film Tara, a stately, colonnaded mansion, bears little resemblance to the Tara of the novel. Mrs. Mitchell described it as "a clumsy, sprawling building" that was built "according to no architectural plan whatever."

Ben David O. Schick, who produced the film, ordered the classic structure that is seen in the film, knowing that the public would not accept a nondescript building as a real Southern plantation.

— Compiled by ARTHUR HIGGINS

In Mexico, Opposition Loses Power

By Richard J. Meislin
New York Times Service

MEXICO CITY — The nearly final assignment of seats in Mexico's national Chamber of Deputies after elections this month has resulted in a sharp loss of power for the country's two strongest opposition parties.

The conservative National Action Party, the country's strongest opposition group, will hold 38 seats. That is a net loss of 13 seats in the 400-member chamber, which is the lower house of the National Congress.

The leftist Mexican Unified Socialist Party, which has run a distant third place in voting, will hold 12 seats, five fewer than it gained in elections three years ago.

The governing Institutional Revolutionary Party will control 292 of the 400 seats.

The distribution is based on a complicated combination of seat assignments. Three hundred seats

are chosen by direct election, and 100 others are reserved for minority parties and are allocated according to the percentage of the vote that these parties receive.

The National Action Party gained six seats in direct elections. Two other directly elected seats went to the Authentic Party of the Mexican Revolution, a tiny organization that won them despite minimal advertising, public campaigning or apparent support.

Like most elements of the July 7 elections, the distribution of seats by proportional representation drew charges of fraud from opposition leaders, who said they did not appear to reflect the will of the public as shown by the direct vote for National Congress.

They said the results appeared to be skewed to favor the Authentic Party of the Mexican Revolution, the Socialist Workers Party and the Popular Socialist Party, all groups that tend to vote with the governing party on key issues.

Economic Plan Is Announced

President Miguel de la Madrid has announced a plan to combat Mexico's economic problems and to restore confidence in the peso, Reuters reports.

The peso was devalued about 35 percent on July 11. Mr. de la Madrid, opening the second national banking convention in Guadalajara on Monday, said his plan included:

- Reducing public spending.
- Continuing to dismantle import barriers by substituting modern tariffs for import permits.

• Making foreign exchange policy more market oriented while still seeking to protect international reserves.

• Tightening customs procedures and more vigorously pursuing tax dodgers.

However, banking sources said that none of the ideas was new and that there were not enough details to assess the potential effect of the plan.

Alvah Bessie Dies; Writer Was One of 'Hollywood Ten'

The Associated Press

TERRA LINDA, California — Alvah Bessie, 81, a writer who fought in the Abraham Lincoln Brigade in the Spanish Civil War and was one of the "Hollywood Ten" blacklisted during the 1950s, died Sunday of a heart attack.

Mr. Bessie's books include "Men in Battle," about the Spanish Civil War, and "Inquisition in Eden," concerning his struggles as a blacklisted writer.

Mr. Bessie was jailed for a year

in 1947 after refusing to answer the House Un-American Activities Committee's questions. He was one of the so-called Hollywood Ten — directors and screenwriters blacklisted from the film industry after defying the committee.

Leo Alexander, 79, consultant at Nuremberg, Weston, Massachusetts (UPI) — Dr. Leo Alexander, 79, a Vienna-born psychiatrist and neurologist and a former Harvard professor, died Saturday of cancer.

He was a consultant to the U.S. panel at the Nuremberg war crimes trials in 1946-47.

Other deaths: P. V. Glob, 84, recognized as Denmark's foremost archaeologist, Monday, in Arhus, Denmark.

Charles L. Kahn, 83, professor emeritus of fine arts at Harvard University, Sunday, in Cambridge, Massachusetts.

Arrest Warrant Issued for Meese

Los Angeles Times Service

LOS ANGELES — The city attorney's office has issued a warrant for the arrest of Attorney General Edwin Meese 3d for failure to pay a \$10,000 judgment that he received five years ago.

A Los Angeles police officer issued the ticket June 11, 1980, near Ronald Reagan's headquarters for the presidential primary election in California. Ted Goldstein, a spokesman for the city attorney, said Monday.

Mr. Meese, now the highest-ranking U.S. law enforcement official, is liable not only for the \$10 fine, Mr. Goldstein said, but for an additional \$120.50 in interest and penalties.

"It's the sort of thing you set down some place and forget about," Patrick Kortzen, deputy director of public affairs for the Department of Justice, said of his boss's ticket.

Liked and Hated, British Class System Still Rules

By William Tuohy
Los Angeles Times Service

LONDON — Prince Edward, Queen Elizabeth's youngest son, and three royal cousins celebrated their 21st birthday last month at a lavish party at Windsor Castle. The gathering, with the queen herself as hostess, reportedly drew 600 aristocratic guests and cost close to \$100,000.

Pictures of the guests sipping champagne were splashed over the pages of the popular press, but there was little public criticism of the cost among the queen's subjects.

The British class system, in fact, is still alive and well, despite pleas from Prime Minister Margaret Thatcher — a grocer's daughter — for a country "free of class distinction," with privilege replaced by an "enterprise culture."

To be sure, not everyone believes that the British class system is bad. Some argue that the rigidities inherent in the system have given Britain an uncommon degree of social stability.

But more than one critic has asserted that Britain's upper class sets the tone for the rest of the country and that this causes considerable damage. Such critics draw attention, in particular, to what they see as an upper-class notion that hard work, particularly in commerce and industry, is just not good form.

"The essentially static views of the old British upper class have won the day in Britain," said Ralf Dahrendorf, a former director of the London School of Economics. "They have spread, first to the working class, then to the middle

class, or perhaps the other way round. But they have not been diluted, let alone replaced, by the ambitions and achievements of the industrial middle class."

And the values of the upper class are not worth emulating, Mr. Dahrendorf contended.

"Really hard work is simply not done" by the upper class, he said. "Work is a combination of dabbles in the running of things, whether as nonexecutive directors, members of boards or gentlemen farmers, and of voluntary work for charities or other benevolent purposes."

According to the novelist Anthony Burgess, the author of "The Clockwork Orange" and "Earthly Powers," the classes are so static that financial success alone cannot qualify someone as a member of the upper class.

Britain's ruling class "rules through prestige, not money," Mr. Burgess said in a recent commentary in the *Daily Mail*. "No amount of financial leveling will ever liquidate that class."

Class distinctions begin with the royal family. Mr. Burgess said: "There is a fine stratum of useless, elegant retainers surrounding the royal family. Out of this climbs into the bosom of a family a personage like Princess Diana, whom all the world loves."

"She bakes no bread, paints no pictures, reads no books above the level of *Eyewitness* Forsyth, contributes nothing to the world's work; she merely performs the purely decorative function of her class. And this is altogether admirable. This is what the gruffest mem-

bered miner accepts as a part of a heaven he will never reach."

As many see it, class distinctions in Britain are fostered by the stratified educational system. Lower-class children attend state-run schools and often drop out early. Middle-class children go to local grammar schools or minor prep schools. And, despite growing pressure to award scholarships to worthy but poor scholars, the expensive boarding schools such as Eton, Harrow and Winchester remain largely the preserve of the upper classes.

What happens at school also makes a difference. The brightest students at Eton, according to young men there who are about to graduate, are looking forward to careers not in industry or commerce but in banking or finance, where they hope to make some money and then possibly go into politics.

Traditionally, too, education at traditional universities such as Oxford and Cambridge has concentrated on producing generalists, not specialists. In the past, Oxford and Cambridge men were expected to take on the mantle of empire, to go into government, the armed services, the clergy or teaching.

The so-called Oxbridge system, according to those who have gone through it, has a heavy bias against the kind of education that in the United States, West Germany and France produces leaders of commerce and industry.

Industry then is viewed by some of the best minds in Britain as a decidedly second-rate choice, and this is reflected in the quality of Britain's corporate executives. As an executive recruiter put it:

"The higher you go in British industry and commerce, the worse it is in terms of ability and competence."

Some experts believe that class differences are a key factor in the industrial disputes that have plagued Britain. Most British executives are uncomfortable with the workers, and the workers take pride in not mixing with managers. There is also markedly less occupational mobility here than in other industrialized countries.

The Economist, a weekly magazine, has pointed out that in no other developed country is the working class as tightly knit as it is in Britain, where three-quarters of the workers are second-generation blue-collar, compared with less than half in the United States.

For its part, the middle class appears to have accepted the values of the upper class, and it poses no threat to the aristocrats. Thus, the middle class contributes to the stability that is envied by other countries.

And from the middle class it is possible to rise. Mrs. Thatcher, who grew up in an apartment above her father's store, is a prime example. She worked her way out by winning a scholarship to Oxford. Her accent, too, changed along the way.

Having made the climb herself, Mrs. Thatcher seems to believe that the way is open to all, although most sociologists would disagree.

And though she has called for a meritocracy, she has reinstated the practice of granting hereditary peerages, a practice that was abandoned in the 1960s by a Labor Party prime minister, Harold Wilson.

The social differences in Brit-

ain's class system are being reinforced by geographical differences. The north of England has become more heavily working class, and the south has come to be characterized by the striving, upwardly mobile middle class.

Unemployment is concentrated in the north, and this has led some observers, among them the Oxford historian Michael Howard, to warn of a long-term threat to Britain's social cohesiveness. Unemployed young people, he says, "simply do not feel part of society at all, and defiantly turn their back on it."

Police to Eject Abusive Hecklers From Hyde Park

The Associated Press

LONDON — Police will protect orators at Speakers' Corner in London's Hyde Park from people who deliberately disrupt proceedings there, Attorney General Sir Michael Havers said Monday in Parliament.

Speakers' Corner, an outdoor forum at Marble Arch in the northeast corner of the park, has long been open to anyone who wishes to make a public speech. But recently, soap-box orators have been harassed by abusive hecklers.

"Ordinary heckling is part of the fun," the attorney general said, "but when it is designed by a group of people scattered around the audience whose intention is total disruption, that cannot be tolerated."

Sir Michael said the police had been instructed on using existing park rules to send disruptive people away.

War Under the Ice: U.S. Navy Rushes Arctic Study

By Lee Dye
Los Angeles Times Service

LOS ANGELES — A major increase in the use of Arctic waters by Soviet and U.S. submarines during the last two years has forced the U.S. Navy to undertake a scientific project to learn more about the powerful forces that shape that part of the Earth.

The cat-and-mouse game that submarine crews have been playing in Arctic waters lately grew out of fears that the Soviet Union may have achieved the capability to launch missiles toward inland targets in the United States, long regarded as beyond their reach.

So little is known about the Arctic, a region that could play a crucial role in any military confrontation between the Soviet Union and the United States, that the navy found it necessary to start an urgent five-year research program.

Much of the research is in the area of sound propagation — how sound travels from one point to another — under the ice cap, according to James Wilson, chief scientist of the project.

Beneath the ice, sound waves must do the work of the eyes as well as the ears, providing the only clues about what may lie ahead in the often treacherous waters.

But sound waves behave much differently under the ice than they do in the open ocean, clouding the picture provided by such instruments as sonar, which is essentially an underwater radar system, and listening devices that should be able to distinguish between the sounds made by another submarine and the sounds of ice crashing against ice.

"The transmission of sound is just totally different there," Mr. Wilson said. "It's just a completely different world."

"The Arctic has been a scientifically ignored area," added Mr. Wilson, a physicist turned oceanographer. He said that past expeditions to the Arctic have been "of a survival nature," leaving gaps in the understanding of forces there.

The scientists and others spent six weeks near the North Pole last spring on research that will continue several years. They expect to be back in that area again next spring, the only time of the year that their work can be carried out.

"We're on the frontier of understanding what makes the Arctic work," he said.

The project is of such importance that the chief of naval operations, Admiral James D. Watkins, visited the area last May, arriving aboard the attack submarine *Trepang*, which broke cautiously through the ice.

The admiral is a former submarine commander and spent several hours at the research site before reboarding the *Trepang*.

Mr. Wilson and his fellow researchers found that sound waves are bent down sharply and then upward as they travel beneath the icecap, much the same as a window glass refracts the sun's light. The sound waves then strike the bottom of the ice and are either reflected back into the deep, or more often

are scattered in many directions by the uneven surface, blurring any image that might be received by sensory devices.

He said that it is not clearly understood why the sound waves are bent so extremely, but he suggested it may have something to do with the level of salinity, the extremely cold temperatures and the high pressures created by the weight of the massive ice fields.

To learn more about it, Mr. Wilson and his co-workers drilled holes through the ice at three camps about 250 miles from the North Pole. Charges of 55 pounds (24.9 kilograms) of TNT were dropped through the holes and detonated.

The blast shook the ice even at considerable distances. Mr. Wilson said, something that did not go unnoticed by workers whose lives depended on the ice's not breaking.

The sound of the explosion was monitored by sensors at various locations and at different distances from the impact area in an effort to learn how the sound waves are affected by such things as temperature changes, currents, salinity, and texture of the bottom of the ice.

The bottom of the ice field, which is floating on the ocean, is

very inconsistent, reflecting the dynamic forces that mold the field. For example, giant pressure ridges form on top of the ice when two fields crash together, leaving a long scar across the ice field that may rise as high as 50 feet.

The surface ridges are eroded by weather, but the same type of ridges form on the under side of the ice, where they are shielded from the weather. Those underwater formations, called "keels," often extend down into the water as much as 150 feet, and that kind of formation can have a major impact on sound waves.

Mr. Wilson said the world beneath the icecap is quiet since it is deprived, with the exception of submarines, of the main source of sound waves in the open sea — passing ships.

But it has its own symphony, of sorts, created by the powerful forces that shape the region. That is especially true in the winter when storms grind continent-sized chunks of ice against each other, forming pressure ridges that could be insurmountable to anyone on foot.

The formation of a ridge is accompanied by "an almost rhythmic rumbling," Mr. Wilson said.

That "rhythmic rumble," he added, provides "certain characteristics that we can detect" with sound sensors, easily distinguishing that phenomena from the sounds made by a submarine.

Other sounds also abound in the Arctic, he added, including the sounds of life.

"The underwater sounds are replete with all sorts of biological life," he said. One mystery that cropped up during research involved gray whales that travel under the ice, surfacing frequently, as they must, in widely scattered areas of open sea where they can breathe.

Yet there are many areas in which the ice is unbroken for miles and miles. How do the whales know which way to go to be sure they will be able to surface for air?

"It's a complete mystery to us right now," Mr. Wilson said. He suspects, however, that whales, like submarines, depend on sound waves to ward off disaster.

Danes Tighten Security After Attacks

Reuters

COPENHAGEN — Prime Minister Poul Schluter delayed a visit to the United States on Tuesday to announce that new security measures are being enacted following terrorist bombings on Monday.

Postponing for 24 hours his departure to Washington, where he is to attend a meeting of the International Democratic Union, Mr. Schluter announced that security was to be tightened throughout Denmark as well as at border posts and ports.

The Danish press condemned the bombings, against a synagogue and Jewish home for the elderly and a Northwest Orient Airlines office.

Twenty-seven persons were injured. Five of the injured remained hospitalized and one of them, an Algerian, was in critical condition.

The casualties included 14 Danes, three U.S. citizens, four Algerians, two Poles, a Jordanian, a Swede, a West German and a Briton, police said.

Danish police said that they had few clues about who had carried out the attacks. Six foreigners detained for questioning Monday night were released without being asked to assist in investigations, officials said.

Islamic Jihad, a terrorist group, claimed that one of its Scandinavian cells was responsible for the attacks as a reprisal for an Israeli assault last weekend on a village in southern Lebanon.

Military experts detonated a bomb Tuesday that was found in a harbor canal several hours after the explosions Monday. The bomb was in a flight bag

marked Northwest Orient, the airline whose office was one of the targets.

Police would not speculate on whether the bomb had been thrown into the water by terrorists who might have been planning more attacks.

In Sweden, Jewish leaders met senior police officials Tuesday to ask for greater security measures after the Copenhagen attacks.

"We are very worried by the bomb attacks and this is why we have requested an emergency meeting with the chief of police," Ivar Muller, a spokesman for the Jewish community, said.

Police in Sweden increased security at Stockholm's synagogue; the office of El Al, the Israeli airline; and at the Israeli and U.S. embassies.

2 Charged in Greenpeace Sinking

Reuters

WELLINGTON, New Zealand — The police charged two persons Tuesday with arson in the sinking of the Greenpeace ship *Rainbow Warrior* and with murder in the death of the ship's photographer.

Officers would not identify the two but said that the arson charges were related to two explosions that sank the converted trawler in Auckland harbor on July 10 and killed Fernando Pereira, a Dutch citizen. They said the two would appear in an Auckland court Wednesday.

Police sources would not say whether the two were a Swiss man and woman who were arrested in Auckland last week and charged with passport offenses. A police spokesman said in an interview that detectives would continue their inquiries both in New Zealand and in the French territory of New Caledonia.

Prime Minister David Lange said Monday that the sinking had been "meticulously planned" and had clear political overtones. He said there was no evidence that any government was connected with it.

The vessel, the flagship of the international environmental organization, was to have led a flotilla to French Polynesia next month to protest nuclear testing by France.

Mr. Lange said Monday that the police and intelligence agencies knew the identity and motives of the saboteurs.

The police have asked Interpol for help in the case. The investigation has focused on the Swiss couple, who rented a camper van in Auckland, and on four Frenchmen who chartered a yacht in New Caledonia and sailed it to Auckland.

The yacht was searched by New Zealand detectives in the tiny Australian territory of Norfolk Island on its way back to Noumea but

could not be detained there. The yacht and its crew are now reported to be near New Caledonia, and three detectives have flown to the territory.



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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

New Tactics on Japan Surplus

Prime Minister Yasuhiro Nakasone joined the flow of Japanese visitors to Europe to defend his country's economic performance. In Washington it has long been the habit to blame most U.S. ills on Japan. Lately there has been a chorus of disapproval from Europe too, as governments seek to apportion blame for poor achievement.

Despite this bashing, Tokyo is relatively unshaken. It advises its partners that the fault lies in themselves that they are debtors. With better knowledge of the Japanese market, their frustrations would vanish.

The fog of trade war — thickened now by deeds as well as words — is needlessly dangerous. True to the habits of war, the declarations of commanders on either side contain truth and falsehood. But both sides may have chosen the wrong ground for battle.

The problem is vast. Japan is currently amassing a trade surplus of about \$50 billion a year. This means that it is keeping the living standard of its own citizens about 4 percent lower than it need be. By the same token, it is depriving other countries of an important number of jobs. The deficit corresponding to Japan's trade surplus falls mainly on the United States, but is painful for Europe, too. There should be some surplus; otherwise Japan could not contribute to the development of the Third World. But too much is too much.

Japan says that in a highly competitive market, American and European exporters are not making enough effort. Not enough of them speak Japanese, the Japanese maintain. But how many of these exporters speak Finnish? Finland is a country with which they are able to keep a tolerable balance. The Japanese argument won't entirely wash.

Europe and America, on the other hand, allege that the problem lies in Japan's deep-rooted protectionist policies — its tariffs and other barriers, the particularly complex standards imposed before any product can

cross its borders. Argument is then bogged down on the minutiae of import controls. Japan repeatedly announces programs to make the way of the foreign salesman easier. None of them have much effect, and Mr. Nakasone's latest seems unlikely to prove the exception. Reduce a tariff by, say, 20 percent and you are lucky if this reduces the price of the foreign product to the Japanese purchaser by 2 percent — a margin easily swallowed by a minor fall in the yen or by higher profit for the Japanese distributor.

To instruct the Japanese bureaucracy to relax its resistance to foreign goods, or to ask the consumer to look a little more kindly on them, is likely to produce a polite yawn. Japan is still psychologically attuned to a form of economic chauvinism, which is why the public accepts a system of standards that deprives it of choice just as much as it encumbers the foreign exporter.

Japan ought to relax its import barriers, not an exporter should expect this to produce a quick change. Mr. Nakasone's action will have limited effects because — like Mr. Reagan and Mrs. Thatcher — his power over his party and the executive is incomplete. What is needed is broader economic action.

Why does Japan consign so much of its output to the outside world rather than to satisfying its own needs? Why has growth in recent years depended so heavily on exports, not sales at home? Because, under present conditions, its citizens are encouraged to save too much of their incomes and the government does not offset this by lowering taxes or raising its spending on the basic facilities — roads, homes and hospitals — that Japan sorely lacks. Here, rather than in the piecemeal reform of import policy — is where Japan's main immediate effort should lie. And it is here that, recognizing Japan's susceptibilities, the United States and Europe should concentrate the discussion.

INTERNATIONAL HERALD TRIBUNE

Botha's Turn of the Screw

For decades some people have been observing the lagging pace of change in South Africa and predicting an "explosion." Others have observed that the white minority's immense advantages in organization and armed power would be bound to deter or, that failing, muffle any such confrontation. Both forecasts now seem to be coming true. A profound, almost pre-revolutionary discontent is everywhere apparent. Stirred by the familiar injustices of apartheid, it was brought to a boil by the black majority's evident collective decision that the government's reforms of last year were too little and too late. Meanwhile, the government is bringing its formidable powers of compulsion more openly to bear. The latest increment, in a society that already was for blacks a police state, is a declaration of emergency in Johannesburg and the eastern Cape areas.

South Africa is now undergoing the most serious unrest it has known. Strikes, demonstrations, some anti-white sabotage and terror seem constant. Funerals, where blacks gather to mourn the victims of white guns, have become major political venues. There is considerable violence of black against black but, far from being "mindless," it is plainly political, reflecting a strategy — part spontaneous, part generated by the revolutionary African National Congress — to destroy the limited forms of urban-black authority established by whites. Black protest, harass-

ment, arson and murder have left only five of 38 local black councils operating; 240 black councillors, including 27 mayors, have resigned. The black police set up by whites to police black towns are under similar pressures. The point is unmistakable: The only legitimate black structures of authority are those that blacks have created themselves.

Violence, of course, is the essence of apartheid: otherwise white power would vanish. President P.W. Botha has undertaken limited reforms, although none touched the root problem of political power for blacks. Now he is responding to the consequent unrest with a turn of the screw. It treats the symptoms, in a way bound to breed greater alienation, and ignores the causes. Mr. Botha's defenders say he has no political mandate to move to political reform. In fact, he has no choice, if he is to halt his country's passage to a place of unending tension and strife.

The United States indicated that the latest unrest justified the government's "new measures," and called for the unrest to abate so that the government could return to the path of reform. This is so-called "constructive engagement." The U.S. administration's inability to say that the people of South Africa are struggling for justice against a system that denies it to them could not have been demonstrated more clearly and more painfully.

— THE WASHINGTON POST.

Still Missing in Lebanon

What is the difference between 39 and 71? Fiddle media and an indifferent public. With no more Shites clamoring for television interviews and President Ronald Reagan engaged in another kind of struggle, the seven Americans kidnapped in Lebanon have disappeared again from U.S. consciousness. Sure we care, if reminded. But we seem not to know how to balance the massive obsession with the 39 TWA hostages and persistent concern for the much longer suffering of the seven.

There is sadder drama in the story of a random group of passengers, who would be any of us, plucked out of the air and thrust into the eye of an alien political storm. But the still-missing Americans are, if anything, more innocent: They were voluntarily putting themselves at risk in Lebanon to help its people.

William Buckley, a political officer at the American Embassy in Beirut, disappeared 16 months ago. The Reverend Benjamin Weir, a

Presbyterian minister, was kidnapped more than 14 months ago. The librarian at Beirut's American University, Peter Kilburn, has been missing nearly eight months; the director of the university's hospital, David Jacobsen, for two months; the dean of agriculture, Thomas Sutherland, for five weeks. The Reverend Lawrence Martin Jenco, a Roman Catholic priest, was snatched more than six months ago; Terry Anderson, a correspondent of The Associated Press, more than four months ago.

The State Department has been imploring Syria and the Shites led by Nabih Berri to work as hard for their release as they did for the TWA hostages. And an Egyptian official hinted last week that a deal might be possible.

But why was all America swept off to Beirut and the homes of grieving relatives of the 39, while hardly anyone now mentions the seven? We should let the question haunt us.

— THE NEW YORK TIMES.

FROM OUR JULY 24 PAGES, 75 AND 50 YEARS AGO

1910: Barcelona Bows to Terrorism
BARCELONA — Terrorism in Barcelona has had two epochs. The first began in 1882 and lasted several years. Thirty-nine bombs were thrown then by anarchists, killing many. Then the city resumed its normal life until five years ago, when the second period began. During these last five years 109 bombs have exploded. Fully 300 casualties are estimated for this period. The authorities are convinced that the city is a nest of international European anarchism. But the explosion of bombs is a so natural occurrence here, they cause not the slightest wonder. People expect them like rains or sunny evenings and Barcelonians are as much accustomed now to the idea of dying from the explosion of a dynamite bomb as from the typhus fever or pneumonia.

1935: British Warned on Gas Attacks
LONDON — In realization of the fact that England, in the event of war, will be attacked by airplanes with incendiary and gas bombs, the British Medical Association approved resolutions [on July 23] that instruction in measures for anti-chemical warfare should be given to medical students. The chairman of the association, H.S. Souttar, stated that the Ministry of Health is alive to the necessity of also educating the civil population in this direction, and that precautions will be taken to ensure their training for protection against gas attacks. But Dr. A.T. Jones said no adequate protection exists. "It is suggested," he said, "that we might be supplied with gas masks and seek protection in cellars. I think that means really that we would be suffocated."

Taking First, Tentative Steps to Arab-Israeli Peace

By Flora Lewis

PARIS — The Middle East is stirring. There has been a new atmosphere for six months or more reflecting a mounting sense that it is time to try again for an Arab-Israeli settlement. Now, movement has begun — tentative, but more specific than anything that has happened since the Israeli-Egyptian peace treaty in 1979.

Soviet interest in restoring relations with Israel is the latest, most significant sign. Moscow has not confirmed details of the meeting between their two ambassadors in Paris last Tuesday, reported by Israeli radio. But there was no attempt to deny the meeting. Nor was there any sign of special irritation at the leak.

The Russians have realized that their hope of influencing any peace talks requires them to be on speaking terms with both sides. With Andrei Gromyko out of the way, opening the question implies that Moscow takes seriously the possibility of a diplomatic engagement between Israel, Jordanians and Palestinians.

By raising the possibility of renewed large-scale emigration of Soviet Jews, Moscow can work to head off opposition to enlarged peace talks from angry Israeli hawks and their American supporters. The two condi-

tions, reported by the Israelis, were to make sure the emigrants stay in Israel instead of moving on to the United States, and to halt anti-Soviet propaganda that is focused on this issue. They would be easy as chicken soup for Israel to digest, though they could scarcely please adamant Arabs.

The condition for diplomatic relations, broken after the 1967 Arab-Israeli war, would provide more controversy in Israel. But it is very modest compared with the previous Soviet requirement of withdrawal from all territories occupied in 1967. It calls only for "progress" on the Golan Heights issue, and hints that a compromise border in the area annexed by Israel might be negotiated with the Syrian government.

Soviet Ambassador Yuri Vorontsov told Israeli Ambassador Ovadia Soffer that his omission of the West Bank and Gaza in the context of withdrawal was "not by chance."

All this adds to the mystery of the sudden trip President Hafez al-Assad of Syria made to Moscow a month ago. Mr. Assad may have been told that the Russians intended to move as needed to get into peace talks and

could not be stopped by Damascus, or they may have agreed on a new initiative. Either way, it indicates that efforts by King Hussein of Jordan to get talks going are budding a landscape that has been long frozen.

There have been several signs that the Russians now understand the United States not only would not but could not deliver its ally Israel in a Middle East deal, just as Moscow cannot simply dictate to Syria, let alone the Palestine Liberation Organization. This in itself is progress toward realism essential for agreement.

Syria's failed attempt to control the PLO, displacing Yasser Arafat, must complicate Moscow's plans. But it clarifies what is possible, and may accelerate Mr. Assad's interest in getting involved in Arab-Israeli

talks before he is left behind, instead of just trying to break them up. Meanwhile, Kuwait has announced that it is suspending its generous annual subsidies to Syria, Jordan, and the PLO on grounds that they are not actively fighting Israel. This is an excuse. The Kuwaitis have been badly shaken by a series of bombings and an assassination attempt on the emir, obviously reprisals for his steadfast refusal to release Shiite terrorists convicted of attacks on the U.S. and French embassies.

It is a message that time is running short for established Arab leaders, whatever their politics, facing the tides of militant, violent fundamentalism. President Hosni Mubarak of Egypt felt obliged to impose fundamentalist leaders and shut down their

important Cairo mosque because of calls to overthrow his government. Prime Minister Shimon Peres of Israel has sent word to Moscow saying the Russians would be welcome participants to the Middle East "peace process" if they want "to move it forward" and recognize Israel. This is wise and prudent.

Failure to seize opportunities and to rely instead on war to break deadlocks has been the tragedy of the Middle East. There are still people on all sides who argue that only guns can be trusted. Of course, they can be trusted only to kill. A period of great delay and difficulty is beginning. The highest courage is to dare peace. Those who do deserve support, even if they must side along in cautious ways. Results are, after all, more important than bold postures.

The New York Times.



But Prospects Are Bleak For Any Real Progress

By Dominique Moisi

PARIS — Sandwiched between the Lebanese chaos and the Iraqi war, can the latest initiatives for peace in the Middle East, symbolized by the Jordanian-Palestinian proposals and the subsequent Peres plan, be anything more than new diplomatic "tricks" leading nowhere?

Present conditions are significantly different from those that led to the signing of the Camp David agreement between President Anwar Sadat of Egypt and Prime Minister Menachem Begin of Israel. At that time, both Egypt and Israel were governed by comparatively strong leaders. And the United States was also willing in 1977 to exercise its full influence and concentrate all its energy on working out a Middle East peace formula under the Carter administration.

But today, none of these positive factors is present. On the Arab side, the three main actors involved have three incompatible approaches to the peace-making process.

First, Syria has sufficient strength and self-assurance to play a regional role and could probably, like Egypt, engage in a peace process if it wanted to. But in reality, Syria is more interested in securing control of Lebanon

than in engaging in protracted peace negotiations with Israel.

Second, King Hussein of Jordan is certainly sincere in his attempt to negotiate with the Israelis. He knows that time is running short and that it may be his last chance to negotiate the fate of the occupied territories. But at the same time, he is keenly aware of Jordan's limitations. In King Hussein's mind, the sharp deterioration of the PLO's position since their defeat in Lebanon means that he can negotiate from a position of strength with the Palestinians. But this self-assurance is counterbalanced by his need to deal prudently with the Syrian government.

Third, the Palestinians themselves — the PLO in particular — are too weak and divided to accept to enter into any meaningful process of negotiation. In the Arab world, those who want peace are not those who can implement it. The reverse also is true. Israel's political spectrum is also divided. Prime Minister Shimon Peres, given the domestic limitations of his National Union coalition government, has probably gone as far as he can in the recent talk of peace negotiations. He has argued, with

some shrewdness and courage, that it is better to negotiate with him than with a later, and possibly more conservative prime minister.

But Mr. Peres lacks the charisma and the decisiveness with which to overcome Israeli divisions and fears. Still obsessed by the security of their country — despite its military superiority in the region — the Israelis are also too concerned with the deterioration of their economic situation, and too preoccupied with existential debates on the meaning of the Zionist ideal to engage in negotiation with their Arab neighbors.

Embarking on a process toward such negotiation would imply for Israel giving back most of the territories captured in 1967. Moreover, the

Israelis cannot accept to begin a negotiation process which would involve the PLO in an Arab delegation to the talks. By contrast, the Arab side cannot accept the absence of the PLO from their delegation — for symbolic, rather than other reasons. The situation is not helped by the lack of external pressures. The United States, after its frustrating experience in Lebanon, is unwilling to play a more active role in the region and reluctant to take the necessary risks which bolder diplomacy requires.

Elsewhere in the Arab world, leaders are more preoccupied with the possible consequences of the Iranian war, the rise of Islamic fundamentalism and by the drop in the price of oil than by the Palestinians.

Europeans, now more economically independent from the Middle East because of new oil discoveries, appear either indifferent or cynical about any peace moves.

Paradoxically, the main actors involved in the first stirrings of a peace initiative this year, Mr. Peres and King Hussein, are closer to each other than were Mr. Sadat and Mr. Begin in 1977. They probably share the same belief that time is running short for valid negotiation, but neither can risk, or has sufficient strength, to consider moving forward.

The writer, associate director of the Institut Français des Relations Internationales, contributed this comment to the International Herald Tribune.

West's Optimistic Attitude To Gorbachev Misplaced

By Dimitri K. Simes

WASHINGTON — After almost a decade of embarrassingly weak leaders, the Soviet Union finally has a strong belatedly prepared to set a fairly specific course. Unfortunately, there is nothing in Mikhail S. Gorbachev's record or his recent statements and actions to suggest that rapprochement with the United States is among his top priorities.

The optimistic conventional wisdom in America holds that Mr. Gorbachev's determination to put his own house in order will lead the Russians to behave in a more "civilized" manner abroad. This is a sadly mistaken view. Indeed, order Gorbachev-style may prove quite contrary to American interests and principles.

For example, not one of the individuals selected by Mr. Gorbachev for promotion to the Politburo and the central committee secretariat come from outside the traditional party apparatus. None has a reputation as an advocate of a market-oriented economic reform, internal liberalization or greater openness to the West. Indeed, these newcomers are known primarily for their ruthless efficiency. A record number — three out of 13 Politburo members — have worked for the security services.

Consider Andrei A. Gromyko's replacement as foreign minister, the tough cop from Georgia, Eduard A. Shevardnadze. As Georgian minister of internal affairs, he collected information incriminating his party supporters and removed them from power by force. As party first secretary of Georgia, he was most memorable for his vigorous anti-corruption campaign and brutal crackdown on dissent. His innovative use of television to build a populist image was complemented by flattery — lavishing even by Soviet standards — of who ever reigned in Moscow.

The conventional wisdom that sees him as a more implementer of Mr. Gorbachev's foreign policy may also be mistaken. If the general secretary wanted his foreign minister to be merely an obedient servant, he could have promoted any one of a number

of faceless foreign policy bureaucrats. Instead, he chose a dynamic and imaginative party functionary.

Like his choice of colleagues, Mr. Gorbachev's substantive policies have been marked by vigor and toughness rather than open-mindedness. He harps on the urgent need for radical economic reform. But like his predecessors, he has yet to go beyond generalities. Meanwhile, the Kremlin is busy imposing his no-nonsense style on the Soviet economy. Alcohol abuse is being attacked. Corrupt officials find themselves under fire, and discipline is being strengthened.

None of these steps address the fundamental structural problems of the Soviet economy, but they may temporarily halt the country's economic decline. They may also allow Mr. Gorbachev to put off painful choices between guns and butter — to improve military capabilities without risking internal difficulties by squeezing the consumer too much.

Recent statements by the Politburo leave no doubt that its first concern is to rebuild the world that the Soviet Union is a global power second to none. There is a feeling in Moscow that the United States took advantage of the Soviet Union during the last decade of decrepit leadership. To Soviet leaders, cutting Ronald Reagan down to size seems both sound policy and a way to redress their badly damaged pride.

Already, despite an essential continuity, Mr. Gorbachev's foreign policy has been marked by a more assertive, even belligerent, tone.

• The Soviet position on "star wars" research has hardened considerably since Konstantin U. Chernenko's reign. Most recently, on June 26, Mr. Gorbachev threatened to "reassess" Soviet participation in the Geneva arms control talks unless Washington changed its approach.

• The Russians have retracted hints, made during the Chernenko period, about establishing an informal linkage between East-West trade and Jewish immigration.

• Harassment of the U.S. military

Arms Talks Deadlocked Over Which Side to Blame

By Don Cook

GENEVA — From Stockholm to Vienna to Geneva, East-West negotiations on arms-control and security questions are dead in the water, with only meager hopes that the planned November summit meeting between President Ronald Reagan and the Soviet leader, Mikhail Gorbachev, might start the engines turning. After two rounds of the new nuclear arms talks in Geneva, high-ranking American officials no longer see much possibility of achieving any substantial agreement with the Soviet Union to limit nuclear weapons in the remaining lame-duck years of the Reagan administration.

A senior State Department official who recently briefed the North Atlantic Treaty Organization Council in Brussels summarized the deadlock: "The Soviets are hardly interested in negotiating away their current advantage in strategic or intermediate-range missiles. So far they are not prepared to negotiate with us over the Strategic Defense Initiative project at all. And it is highly probable that they will try to break out of the 1972 anti-ballistic missile treaty entirely when they feel they have a sufficiently advantageous mix in offensive and defensive strategic capabilities."

Last week there was one small straw of hope, U.S. officials reported, when the Soviets suggested that percentage ceilings on different classes of weapons might be one approach to handling the issue of strategic weapons. But the Americans said Soviet negotiations were vague about details.

The U.S. National Security Adviser Robert C. McFarlane told a White House briefing that he saw "a few signs" of promise in the talks. "The Soviets have begun to engage us in a more serious dialogue," he said. But if there is a prolonged superpower deadlock in Geneva, is anything likely to happen in the other two arms-control negotiations? At

best, there might be some marginal window-dressing agreements in Stockholm, where 35 states that signed the Helsinki agreements are trying to negotiate a new accord on military confidence-building and security. "This negotiation is like one of those hospital patients with a terminal illness, kept alive only by life-support systems that nobody can detach," one Western ambassador summarized the situation in Vienna, where 12 NATO and seven Warsaw Pact powers are discussing cuts in conventional forces in Europe.

Mr. Gorbachev himself has warned that the Soviet Union might have to "re-evaluate" the talks if the present deadlock continues. So as the summer break in all these negotiations begins and preparations for a summit meeting get under way, the real underlying trend in Geneva seems to be not so much a search for a basis of negotiation but maneuvering to fix the blame on the other side for the continued deadlock.

However much the Soviet Union might be worried about the American high-technology edge — and the possibility of a major breakthrough in the SDI program that they would be hard put to match in the years ahead — this does not add up to any great pressure to negotiate in Geneva.

It will not be the Reagan administration that achieves the major breakthrough on SDI or has to make the crucial decisions and vote the necessary funds for research and deployment. That is for the 1990s at the earliest. Mr. Gorbachev will be around probably into the next century, and he can wait. Whether Mr. Gorbachev is wise to wait, whether the world will be any safer if the hiatus in arms-control efforts goes on and on, is another matter.

All that the negotiators can look forward to is more of the same.

Los Angeles Times.

LETTERS TO THE EDITOR

A Powerful Alternative

In "In Exile 22 Years, Militant Battles South Africa" (July 16) Glen Frankel leaves the misleading impression that Joe Slovo of the pro-Soviet South African Communist Party and the African National Congress are the main opposition to apartheid colonialism. The regime of President P.W. Botha fosters the same illusion: namely, American versus Soviet imperialism.

But there is a powerful alternative: the Pan-Africanist Congress (PAC) which is fighting for a genuinely democratic and non-aligned Azania, or South Africa. Mr. Slovo's ANC-backed Joshua Nkomo's Zimbabwe African People's Union (ZAPU), whereas PAC aligned themselves with Robert Mugabe's Zimbabwe

National African Union (ZANU). Zimbabwe has shown that African liberation movements are not necessarily Soviet puppets.

MICHAEL WILSON,
The Hague.
Ignoring Wise Counsel

Once in a great while a general, one sensitive to all shades of human aspirations, transcends the military propensity to solve international problems by brute force. Obviously General Wallace H. Murrill is such a man ("U.S. General Opposes Nicaragua Invasion," July 15). Unfortunately, it appears most unlikely that the Reagan administration will listen to his wise counsel about Nicaragua.

SYLVAIN S. MINAULT,
Chêne-Bourg, Switzerland.

The writer is a senior associate at the Carnegie Endowment for International Peace. He contributed this comment to The New York Times.

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INSIGHTS

Spies in U.S. Navy: Experts See Vanity, Not Just Money, as Factor

By Philip Shenon
New York Times Service

WASHINGTON — Federal officials and intelligence analysts say that John A. Walker Jr. passed Navy secrets to the KGB in an elaborate scheme that apparently involved espionage training in Austria and the use of Soviet couriers in Washington.

In their most extensive account of how they believe the espionage operation was carried out, officials said that Mr. Walker, arrested May 20 after FBI agents said he attempted to give a Soviet agent classified documents, almost certainly dealt with several agents of the KGB, the Soviet intelligence agency, in what they say was a 20-year spying career.

Intelligence analysts speculated that Mr. Walker was awarded a high rank in the Soviet armed forces, probably the Soviet Navy, and received decorations for his intelligence work. "He might very well have tried on his Soviet uniform," said Robert T. Crowley, a retired senior official of the Central Intelligence Agency.

Mr. Walker has been indicted on espionage charges but has pleaded not guilty. While details remain sketchy, the authorities say the KGB asked Mr. Walker, a retired Navy warrant officer, to make frequent trips to Vienna, where he would pass along secret information collected from other members of the purported navy spy ring.

Vienna, they said, was also where Mr. Walker probably received training in the techniques of espionage. For security reasons, they said, there appeared to have been few, if any, recent face-to-face meetings in the United States between Mr. Walker and Soviet agents.

Intelligence analysts said they believe that a Soviet diplomat who was named a co-conspirator in the alleged spying operation was a relatively low-level KGB agent who may never have met Mr. Walker. Instead, they said, the diplomat had been assigned to pick up documents that Mr. Walker left at secluded sites.

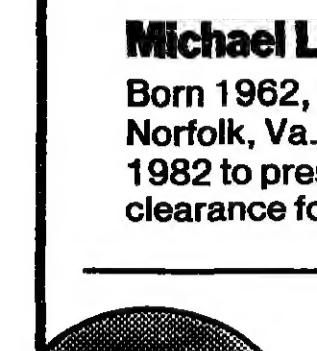
Mr. Walker, his brother, son and a California man who is described as his closest friend, have been arrested in what the authorities describe as the most damaging spy case in 30 years. All have served in the navy. All pleaded not guilty.

The KGB scheme, officials said, was designed to offer maximum protection against surveillance by American law-enforcement agencies. The officials cautioned that many, and perhaps most details of the purported scheme will never be known unless Mr. Walker, who is accused of forming the spy ring, begins to cooperate with law-enforcement authorities.

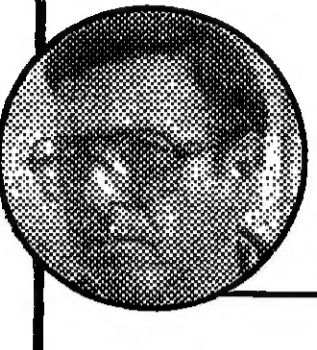
What is known, officials said, has been determined largely from personal papers, travel receipts and telephone records that were found in searches of Mr. Walker's home and office in Norfolk, Virginia, as well as statements made to investigators by his son, Michael L. Walker, and brother, Arthur J. Walker.

**John Anthony Walker Jr.**

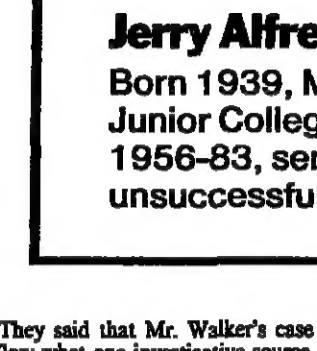
Born 1937, Washington, D.C.; high school dropout; divorced Barbara Joy Crowley, 4 children; Navy 1955-76, chief warrant officer; set up 3 private detective agencies.

**Michael Lance Walker**

Born 1962, Vallejo, Cal.; graduated high school, Norfolk, Va.; married Rachel Sara Allen; Navy 1982 to present, yeoman third class, USS Nimitz; clearance for routine fleet information.

**Arthur James Walker**

Born 1934, Scranton, Pa.; University of Scranton 2 years; married Rita Clare Fritsch, 3 children; Navy 1953-1973, lieutenant commander; employed by VSE Corp., defense contractor.

**Jerry Alfred Whitworth**

Born 1939, Muldrow, Okla.; graduated Coalinga Junior College; married Brenda Leah Reis; Navy 1956-83, senior chief petty officer; unemployed, unsuccessful at stock market.

They said that Mr. Walker's case seems to follow what one investigative source described as a "common pattern" of Soviet intelligence agencies.

"We don't know nearly as much as we'd like,"

the source said. "But from what we do know about the KGB, it's not that difficult to come up with a reasonable understanding of the operation of the purported spy ring. That understanding, he emphasized, "is based, to a large extent,

on well-informed speculation." Any training that Mr. Walker may have received, probably took place in Vienna, where the Soviet Union has a large embassy and controls numerous safe houses, officials said.

The International Atomic Energy Agency, a United Nations agency, is based in Austria. According to intelligence specialists, that has given the Soviet Union an excuse for posting a relatively large number of KGB agents in Vienna posing as diplomats. The Austrian government is thought to have relatively little surveillance of foreign intelligence agents, they said.

Andrew Daulton Lee, a California man who admitted in 1977 that he had sold secret documents to Soviet agents about U.S. spy satellites, received espionage training in Vienna, officials said.

The FBI has said that it knows of at least eight meetings in Vienna between Soviet agents and Mr. Walker since 1976.

"I'm sure Vienna was the standard debriefing site," said Ray S. Cline, former deputy director of the Central Intelligence Agency.

Because of their neutrality, Mr. Cline said, "Austria and Switzerland have been the spy capitals since the end of World War II." He added that Soviet agents preferred Austria. "The Swiss are pretty tough on intelligence officers," Mr. Cline said.

Other meetings took place in the Philippines and Italy, according to documents released by the FBI.

Mr. Cline, now professor of international relations at Georgetown University in Washington, said those countries were probably chosen because Soviet agents felt that law-enforcement agencies there were relatively lax in their surveillance of foreigners. "It would be a safer environment," he said.

Because of tighter security by American law-enforcement agencies, officials say, it appeared that relatively few, if any, face-to-face meetings between Soviet agents and Mr. Walker took place in the United States in recent years.

Instead, they said, the Soviet agents used sites in suburban areas near Washington. Parcels of information were left by Mr. Walker and retrieved later by Soviet agents, they said.

In exchange, they said, the agents used the same sites to leave packages of money for Mr. Walker. The officials said large cash payments to Mr. Walker for his information were made in the United States, another effort to avoid detection.

If Mr. Walker had received large amounts of money overseas, he would have risked being caught by customs officers when returning to the United States, said Mr. Crowley, the former CIA official who recently wrote a book on the KGB.

"It might have been discovered with the money, and it might have tripped a flag," he said. "It makes more sense to pay him in the United States." Law-enforcement officials say they believe that Mr. Walker received hundreds of thousands of dollars from Soviet agents but have so far been unable to trace most of the money.

Mr. Walker was arrested after leaving a bag containing more than 100 secret navy docu-

ments at a site in rural Maryland, the FBI has said.

Clues about the espionage operation were provided in a secret note reportedly written last year by Jerry A. Whitworth, the California man arrested in the case. According to the FBI, the note said that American locations were "always" used by the Soviet agents when they passed money to Mr. Walker.

The note also said that Mr. Walker passed along the secret information overseas, "although U.S. locations are used sometimes," the bureau said.

OFFICIALS said they had little information about a Soviet diplomat, Aleksey G. Tkachenko, who was recalled to Moscow after prosecutors named him as a co-conspirator. The FBI said its agents had seen him in the vicinity of the site in rural Maryland that Mr. Walker is charged with visiting on the night of his arrest.

The FBI has identified Mr. Tkachenko as a vice consul in the consular division of the Soviet Embassy in Washington, a relatively low-ranking diplomat.

Officials said that he may have been one of a number of KGB agents in the embassy who were periodically assigned to pick up material left by Mr. Walker at drop sites.

"Over the years, the case had become routine," said David A. Phillips, a former CIA agent. "More and more over the years the yeomen got the job of going to these drop sites."

Some intelligence analysts say they believe that Mr. Walker's chief Soviet contact is a senior KGB official working in Moscow.

Mr. Crowley, who was the CIA's assistant deputy director for operations, said he suspects Mr. Walker may have known the official for several years, and perhaps even have been recruited by him.

While moving up through the KGB hierarchy, the official probably turned over the details of the case to other agents, Mr. Crowley said. But he suggested the official might have met with Mr. Walker on occasion.

They said that some spies who were caught in the United States in recent years had probably been given a uniform that he was allowed to wear at meetings with Soviet agents. This, they suggested, would have pleased Mr. Walker, who has been described by a former employee, R.K. Puma, as a self-deluded "James Bond."

"It's very possible that he is a commodore or an admiral by now," said Mr. Phillips, the former CIA agent. "That might appeal to Mr. Walker, and an astute Soviet agent would know it."

Mr. Walker retired from the United States Navy in 1976 as a chief warrant officer. "Most warrant officers wonder why they didn't become at least a second lieutenant," Mr. Phillips said. "Here was a situation where the Soviets could make him not only a second lieutenant but an admiral."

New Right's Elite, Disillusioned With Reagan, Directs Anger at His Foreign Policy

By Bernard Weinraub

New York Times Service

WASHINGTON — They were key figures among the intellectual vanguard that endorsed

Ronald Reagan. Disillusioned with the Democratic Party, these articulate and combative neo-conservatives saw Mr. Reagan's election in 1980 as a vindication of their own view that liberalism had failed. They waited for Mr. Reagan to

reshape the foreign policy landscape, to deal firmly with terrorism, with the Soviet Union, with leftist insurgencies in Central America. They are still waiting.

And, instead of applauding Mr. Reagan's

handling of the recent hostage crisis in Lebanon, the neo-conservatives have shed their restraint and now voice anger, frustration and puzzlement at the man whose campaign agenda they enthusiastically supported.

"To say I'm extremely disappointed in the way the president is dealing with terrorism is wrong. I'm disgusted," said Midge Decter, an author who is executive director of the Committee for the Free World. "It's worse to make thundering speeches and do nothing, like Reagan, than to be quiet and do nothing. He is substituting words for deeds."

Like many other neo-conservatives, Miss Decter said Mr. Reagan should have taken military action and strong economic retaliation against Syria as well as other terrorist strongholds in the Middle East for the hostage incident as well as the car-bombing in Beirut of the U.S. Marine garrison in 1983, which left 241 Americans dead.

"To isolate Beirut airport now is laughable," she said. "Poor old Beirut airport. It's closed half the time anyway."

The intensity of Miss Decter's views on Mr. Reagan's foreign policy is more or less shared by a cluster of neo-conservatives, a relatively small but influential group, many of them from New York. The members of this group, who began as Democrats, even Socialists in the 1930s, moved progressively to the political right since the late 1960s. Their ideas have been adopted in many Reagan administration programs. These include the early tax cuts and budget cuts, the drive to deregulate and limit social programs, and the foreign policy views often espoused by Jeanine J. Kirkpatrick, the former chief delegate to the United Nations.

It is foreign policy, however, that is dominating the attention of this group of neo-conserva-

tives. The group includes such figures as Irving Kristol, the author, teacher and co-editor of *The Public Interest* magazine; Norman Podhoretz, editor of *Commentary* magazine; and Miss Decter's husband, and Michael Novak, a theologian who is resident scholar at the American Enterprise Institute.

Burton Yare Pines, vice president and director of research of the Heritage Foundation, said, "Much of the neoconservative analysis, which I think is right, is that the foreign policy premises which drove the United States in the '60s were flawed, and yet Ronald Reagan seems to be conducting foreign policy on those flawed premises." The premises, he said, include the "false assumption fully developed under Jimmy Carter" that the United States has extremely limited options to react to crises as well as to the Soviet Union.

"We are not some giant tied down by the Lilliputians," Mr. Pines said, giving a view echoed by the neo-conservatives.

Mr. Podhoretz has called Mr. Reagan a "crippled hawk" and said his refusal to retaliate in Beirut would not only spur further terrorist attacks but also send the wrong signals to the Soviet Union.

"Why should anyone believe the United States will risk millions of lives in defense of Europe against a Soviet attack or resist Soviet nuclear blackmail applied to the United States directly if even Ronald Reagan is unwilling to risk a handful of American lives in response to an aggression against the United States," he said.

"It's the latest in a series of episodes demonstrating that Reagan is, in fact, very prudent and cautious about using American power despite his fiery rhetoric," Mr. Podhoretz said. "I'm

very much disappointed. I looked, as many people did, to him to reverse the decline of American power since 1975 that left a dangerous tilt in the balance of power in favor of the Soviet Union."

Mr. Kristol, perhaps the nation's pre-eminent neoconservative, confessed he was "a little less upset about Reagan than Norman and Midge." He added: "I'm older. I'm more stoical about the way the world is."

But Mr. Kristol, 63, remarked: "This business of arms control; it really would have been more helpful if President Reagan said we're in favor of arms control if the Soviets are serious. But it's comical for us to sit there in Geneva for weeks and weeks and wait for a Soviet proposal. It's a charade. It miseducates the American people about the possibilities of arms control."

EVEN on an issue such as Nicaragua and Mr. Reagan's efforts to arm the rebels fighting the leftist government there, some neo-conservatives are critical of the president.

"I don't think the appropriate U.S. action in Nicaragua is military," Mr. Novak said. "But I also don't think that the administration has been as forthright and constant in its effort as it ought to have been earlier. It's allowed the situation to fester for a good many years and not taken the situation as seriously as its own analysis would demand."

Mr. Novak said he was disappointed in Mr. Reagan's handling of foreign policy but not especially surprised. "I was at Stanford when he was governor of California and was disabused of the notion that Reagan was an ideologue," he said. "He always naturally worked through compromise. He's a classic consensus-oriented politician."

Ogarkov's Return: A Sign of Change?

By Celestine Bohlen

Washington Post Service

MOSCOW — Last September, for reasons that are still mysterious, Marshal Nikolai V. Ogarkov, a forceful, articulate spokesman for the Soviet military, was removed from his job as chief of staff.

Although not banished, Marshal Ogarkov, 67, seemed to be hovering on the edge of professional oblivion. But last month, there were indications that he might be returning to favor when a booklet of his was published and reviewed in the official press.

Now Marshal Ogarkov is reported to be back at the center of the Soviet defense establishment. Sources in Moscow have said that he has been appointed first deputy defense minister and commander in chief of the Warsaw Pact forces, the key move in a shake-up of the Defense Ministry started by Mikhail S. Gorbachev, the new Soviet leader. No date has been set for a formal announcement, sources said.

The Defense Ministry shuffle, apparently initiated last week before Mr. Gorbachev left Moscow on vacation, offers a good example of the new leader's method in changing the top levels of government.

In another move, Marshal Vladimir F. Tolubko, 70, commander of Soviet Strategic Forces, was retired from his key position, which involves overseeing the Soviet nuclear missile arsenal. His replacement is Yuri P. Maximov, a younger man who has been commander of the Turkmenistan military district.

Marshal Tolubko had held the job since 1972. Before that he was deputy to the first Soviet strategic commander. According to Western diplomats, Marshal Tolubko was absent from the May 9 military parade this year, suggesting that he may be in poor health.

In choosing Marshal Ogarkov, Mr. Gorbachev has again reached for someone with a solid

professional background, a reputation for independent thinking and credentials as a tough manager. These same qualities have been used to describe Edward A. Shevardnadze, the new foreign minister, and Yegor K. Ligachev, now the second party secretary in charge of personnel.

In many cases, Mr. Gorbachev has shown a willingness to skirt a well-established Soviet tendency to replace retiring executives with deputies who faithfully follow in their boss's footsteps.

Marshal Ogarkov, for one, is coming back

will not have gotten his old job back, and in the chain of command he will serve under his former deputy.

But Marshal Ogarkov is a strong personality with decided views, and in picking him for such a key job, Mr. Gorbachev has made a statement that will undoubtedly reverberate through the military bureaucracy.

By appointing Marshal Ogarkov, Mr. Gorbachev is implying that his dismissal was not warranted, an oblique challenge to those in the Defense Ministry who favored it. In a system that values continuity, such a break is considered unusual and a sign of considerable self-assurance.

The appointment also seems to indicate that Mr. Gorbachev has an affinity for Marshal Ogarkov's views. Marshal Ogarkov has argued that the Soviet Union must modernize its defenses, and that it must meet and respond to the technological challenge posed by the United States.

The theme fits neatly into Mr. Gorbachev's own emphasis on the urgent need to put the Soviet economy on an equal footing with its high-technology rivals in the West.

But finally, by putting him back in Moscow, Mr. Gorbachev has assured himself of Marshal Ogarkov's loyalty, establishing a relationship not unlike the one between Mr. Gorbachev and Mr. Shevardnadze at the Foreign Ministry.

Various patterns have already emerged in Mr. Gorbachev's appointments: the knack for surprise, the emphasis on proven talent and on modern approaches, and a shift away from the old men who have clung to their jobs.

The reported changes at the Defense Ministry are a good example. The man who will succeed Colonel General Alexei A. Yegorov, 76, as head of the political directorate of the armed forces is Sergei L. Sokolov, a man in his mid-50s, who heads the political section with Soviet forces in East Germany.

OIL & MONEY

IN THE EIGHTIES.

AN INTERNATIONAL HERALD TRIBUNE OIL DAILY CONFERENCE

LONDON, OCTOBER 24-25, 1985.

"Surviving in a competitive environment," will be the theme of the sixth International Herald Tribune/Oil Daily Conference on "Oil and Money in the Eighties." The program, designed for senior executives in energy and related fields, will address the key issues affecting the current energy situation and assess future trends and strategies. H.E. Professor Dr. Subroto, Minister of Mines and Energy, Indonesia and President of the OPEC conference, and John S. Herrington, U.S. Energy Secretary, will head a distinguished group of speakers from Europe, the Middle East, Latin America and the United States.

OCTOBER 24

KEYNOTE ADDRESS:

— Professor Dr. Subroto, Minister of Mines and Energy, Indonesia.

COMPETITION FOR MARKET SHARE

— Moderator: Herman Franssen, Chief Economist, International Energy Agency, Paris.
— H.F. Kaplinger, Chairman and Chief Executive Officer, The Kaplinger Companies, Houston.
— Alvaro Parra, Managing Director, Petroleos de Venezuela (U.K.) S.A., London.
— Douglas Wade, Senior Energy Analyst, Shell International Petroleum Company Ltd., London.

THE IMPLICATIONS OF OPEC PRODUCT IMPORTS AND DOWNSTREAM STRATEGIES ON THE OIL MARKETS

— Nader H. Sultan, President, Kuwait Petroleum International Ltd., London.
— HOW TWO MAJOR OIL COMPANIES ARE SURVIVING IN A COMPETITIVE ENVIRONMENT.

— Allen E. Murray, President, Mobil Corporation, New York.
— Arne Johnson, President, Statoil, Stavanger.

HOW SMALL PRODUCERS AND DOWNSTREAM OPERATORS SURVIVE IN AN ERA OF GROWING COMPETITION

— John R. Hall, Chairman and Chief Executive Officer, Ashland Oil Incorporated, Ashland, Kentucky.
— Eijo Malmivirta, General Manager, Neste Oy, Helsinki.
— Nicholas Mongelli, Assistant to the Executive Vice President, Ente Nazionale Idrocarburi, Rome.
— Said O. Ounallah, Manager, Supply Coordination, Petromin Participation, Dhahran.

OCTOBER 25

NEW OUTLOOKS FOR UNITED STATES' ENERGY POLICY.

— The Honorable John S. Herrington, United States' Energy Secretary.

SHOULD THE UNITED KINGDOM RESTRICT PRODUCTION TO PROLONG ITS OIL REVENUES?

— The Right Honourable John Moore, M.P., Financial Secretary to the Treasury, United Kingdom.

THE EFFECT OF FLUCTUATING OIL PRICES ON THE BANKING SYSTEMS, SHARE VALUES, INSTITUTIONAL INVESTORS AND WORLD BANK LOANS.

— Robert B. Weaver, Senior Vice President and Global Petroleum Executive, The Chase Manhattan Bank, N.A., N.Y.
— Peter Gignoux, Senior Vice President, Shearson Lehman Brothers Ltd., London.
— Robert L. Franklin, Founder and President, Lawrence Energy Associates Incorporated, Boston.
— Ian M. Hume, Assistant Director, Energy Department, The World Bank, Washington, D.C.

MEGAMERGER TRENDS AND THE FUTURE OF THE OIL INDUSTRY.

— Robert F. Greenhill, Managing Director, Morgan Stanley & Co. Incorporated, New York.

NON-CONVENTIONAL OIL SALES: BARTER, THE SPOT MARKET AND THE FUTURES MARKET.

— Moderator: Nicholas G. Youte, Oil Consultant, London and The Hague.
— Charles L. Daly, Managing Director, L.M. Fischel & Co. Ltd., London.
— Rosemary MacFadden, President, New York Mercantile Exchange, New York.

CLOSING PANEL DISCUSSION OF CURRENT ENERGY ISSUES.

CONFERENCE LOCATION:

Royal Garden Hotel, Kensington High Street, LONDON W8 4PT. Telephone: (441) 937 8000. Telex: 263151. A block of rooms has been reserved for conference participants. Please contact hotel directly.

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Please enroll the following participant for the oil conference. ☐ Check enclosed. ☐ Please invoice.

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Herald Tribune

NYSE Most Actives

Vol.	High	Low	Last	Chg.
UNION	127.75	127.25	127.50	+0.25
AT&T	119.75	119.25	119.50	+0.25
IBM	109.75	109.25	109.50	+0.25
IBM	109.75	109.25	109.50	+0.25
IBM	109.75	109.25	109.50	+0.25
IBM	109.75	109.25	109.50	+0.25
IBM	109.75	109.25	109.50	+0.25
IBM	109.75	109.25	109.50	+0.25
IBM	109.75	109.25	109.50	+0.25
IBM	109.75	109.25	109.50	+0.25

Dow Jones Averages

Open	High	Low	Last	Chg.
Index	127.75	127.25	127.50	+0.25
Trans	109.75	109.25	109.50	+0.25
Comp	109.75	109.25	109.50	+0.25

NYSE Index

High	Low	Cl
112.98	111.65	111
129.17	127.87	122
114.75	113.15	113
59.50	57.91	57
120.51	119.23	119

Tuesday's NYSE Closing

Vol. of P.M.	143,000
Prev. 4 P.M. vol.	125,000
Prev. consolidated close	111,514.71

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Via The Associated Press

AMEX Diaries

Class	Prev.
Advanced	2.00
Preferred	2.00
Common	2.00
Preferred	2.00
Common	2.00

NASDAQ Index

Class	Prev.
Composite	2.00
Preferred	2.00
Common	2.00
Preferred	2.00
Common	2.00

AMEX Most Actives

Vol.	High	Low	Last	Chg.
IBM	109.75	109.25	109.50	+0.25
IBM	109.75	109.25	109.50	+0.25
IBM	109.75	109.25	109.50	+0.25
IBM	109.75	109.25	109.50	+0.25
IBM	109.75	109.25	109.50	+0.25

Dow Jones Bond Averages

Class	Prev.
Utility	2.00
Industrial	2.00
Government	2.00
Corporate	2.00
Municipal	2.00

NYSE Diaries

Class	Prev.
Advanced	2.00
Preferred	2.00
Common	2.00
Preferred	2.00
Common	2.00

Odd-Lot Trading in N.Y.

Buy	Sell	Chg.
100	100	0.00
100	100	0.00
100	100	0.00
100	100	0.00
100	100	0.00

Standard & Poor's Index

	High	Low	Close	Chg.
Industrials	716.42	713.70	713.94	- 1.10
Transport	183.09	179.70	180.44	- 1.10
Utilities	87.14	84.04	84.36	- 2.00
Financials	21.30	22.98	22.61	- 0.10
Composite	114.96	112.28	112.55	- 1.10

AMEX Sales

Class	Prev.
Advanced	2.00
Preferred	2.00
Common	2.00
Preferred	2.00
Common	2.00

AMEX Stock Index

AMEX Stock Index		
High	Low	Close
234.63	235.07	235.15

Stocks Retreat in Late Selling

NEW YORK — Late selling on the New York Stock Exchange turned a midday stock market rally into a rout Tuesday in very heavy trading.

Traders said arbitrageurs, investors who take advantage of small price differences to make a profit, had bought Standard & Poor's 500-stock index futures contracts and sold the underlying equities.

Earlier in the session prices moved higher on buying inspired at least partly by the view that the U.S. economy and corporate earnings promised to pick up in the second half of the year. Technology issues, including bellwether IBM, led the advance, though their strength later dissipated.

The Dow Jones industrial average ended with a loss of 5.83 to 1,351.31.

The worst performances were concentrated among utility issues. The Dow utility average, hurt by the conviction that interest rates will not fall in the near-term and may firm slightly, fell 5.39 to 159.26. As institutions bailed out of this sector, the utility index lost 3.27 percent of its value, the worst loss since April 23, 1974, when it suffered a 4.8-percent decline.

Analysts said some buying interest had begun to shift from stocks that do well in any economic environment into some of the stocks that need and would benefit from an economic pickup.

Before the market opened, the Commerce Department reported the consumer price index

rose 0.2 percent in June and that durable goods orders that month rose an unexpectedly strong 1.8 percent.

Phillips Petroleum was the most active issue, up 1/4 to 12 1/2 after reporting marginally lower second-quarter earnings. Exxon and Atlantic Richfield were moderately lower after reporting lower earnings. Unocal added 1/4 to 28 1/4 in active trading.

Union Carbide was the second most active stock, advancing 1/4 after Merrill Lynch analyst George King upgraded the stock to "buy" from "neutral."

AT&T followed, with a loss of 1/4 to 21 1/4, was among losing utility stocks. In other telecommunications issues, Bell Atlantic lost 3/4 to 89 1/4. Nynex gave up 3/4 to 8 1/4. Southwestern Bell fell 3/4 to 80 1/4 and Pacific Telesis lost 2 1/4 to 75. U.S. West fell 2 1/4 to 77 1/4.

Other utilities giving up ground included Kansas Power & Light, off 2 1/4 to 37 1/4. Consolidated Edison, down 2 1/4 to 34 1/4. Boston Edison, off 2 1/4 to 38 1/4, and Midwest Energy, down 2 1/4 to 29 1/4. Ford was up 1/4 to 43 1/4.

In pharmaceuticals, G.D. Searle tacked on 1/4 to 64 1/4. Merck 1/4 to 116 1/4 and Upjohn 1/4 to 119 1/4.

Crown Zellerbach fell 1/4 to 39 1/4. James Goldsmith has raised his stake in the company to over 50 percent.

Storer Communications increased 1/4 to 88. Investor Ivan Boesky said Monday that he and a group of companies he controls hold a 9.6-percent stake in Storer.

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12 Month High Low	Stock	Dr.	Yld.	PE	52 Wks High Low	Open	Close	Chg.
22 1/2	AAR	14	22	17	22 1/2	22 1/2	22 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0

12 Month High Low	Stock	Dr.	Yld.	PE	52 Wks High Low	Open	Close	Chg.
22 1/2	AAR	14	22	17	22 1/2	22 1/2	22 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0

12 Month High Low	Stock	Dr.	Yld.	PE	52 Wks High Low	Open	Close	Chg.
22 1/2	AAR	14	22	17	22 1/2	22 1/2	22 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0

12 Month High Low	Stock	Dr.	Yld.	PE	52 Wks High Low	Open	Close	Chg.
22 1/2	AAR	14	22	17	22 1/2	22 1/2	22 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0

12 Month High Low	Stock	Dr.	Yld.	PE	52 Wks High Low	Open	Close	Chg.
22 1/2	AAR	14	22	17	22 1/2	22 1/2	22 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0
17 1/2	AGS	14	22	17	17 1/2	17 1/2	17 1/2	0

(Continued on Page 10)

WEDNESDAY, JULY 24, 1985

INTERNATIONAL MANAGER

Climbing the Office Ladder Means Jockeying for Space

By SHERRY BUCHANAN

LONDON — "Me Generation" managers want their own space. As a result of overcrowded offices, the animal instinct of territoriality has come back with a vengeance after decades of corporate emphasis on planning offices for teamwork.

"The worst of all worlds are two people in the same single small office," says Philip J. Stone, professor of social organization at Harvard University.

At a New York newspaper, a reporter who had to work in a tiny office with an editor he did not get along with one day violently seized the editor by the necktie and held him up against the wall until others came to the rescue. The reporter was transferred to another bureau as management speculated that if the office hadn't been so small, the reporter might not have resorted to physical violence to express his animosity.

Some copy editors on a major U.S. newspaper have dubbed their open-space newsroom the "sensory deprivation chamber," because of the harsh lighting, cold atmosphere, a seating arrangement that gives no privacy and overcrowding.

European office planners both in the United States and in Europe are seeking to take into account estimates of how much a company is likely to grow over the next decade.

In designing a new office for Lloyds of London here, office planners have had to allow for potential growth following the deregulation of the insurance market. In the past decade, Lloyds' membership grew from 7,000 to 26,000.

"What companies rarely anticipate is how things are going to change," says Philippe Maurice, an architect with the Paris-based firm, Espace Architectures SA. "We estimate by how much a company is likely to grow and we provide them with a system that enables them to control change without getting overcrowded."

TOP executives have never had trouble holding on to their own space. Luxury-furnished executive suites or bigger offices have long been considered a perk for senior executives. It is the manager just below the senior level who has had to fight for an office space to call home.

"One of the major concerns in Britain is privacy," says John Francis, an interior designer with the London-based architectural firm DEGW Ltd.

According to the preliminary findings of a study to be published at the end of the year by

Leading companies, especially in the high-tech computer field, are more concerned with motivating their managers by providing them with a good work environment than they are with what it is going to cost them, according to a study by Building Use Studies Ltd., a London-based research firm. It will be interesting to see how recent austerity measures among some computer companies like Hewlett-Packard Co., are likely to affect their companies' spending habits.

"The office is playing a part in how these companies think of rewarding their middle managers, just like a fringe benefit," says Shoenen Wilson, a director of the research group conducting the study.

According to the same study, most of the companies that have performed well in their sector realize that their middle managers want most in their own turf. A corporate culture that respects the individual's right to privacy is as important as adequate and pleasant office space.

But companies have at their disposal numerous ways to intrude upon a manager's life in the office. At one major U.S. company, the chairman of the board recently took time out from negotiating a major takeover bid to write a memo ordering everybody to clean up their offices and their desks.

If the office hadn't been so small, the reporter might not have become violent.

Prices Up 0.2% In June

Weak Economy In U.S. Is Cited

By Jane Seaberry

WASHINGTON — Consumer prices rose a modest 0.2 percent in June as weakness in the U.S. economy and foreign competition continued to hold down inflation.

The Consumer Price Index rose 3.7 percent in the last 12 months and the increase in inflation has slowed from a 4.1-percent rate in the first three months to a 3.3-percent rate from April to June, the Labor Department said.

Food costs edged up slightly after falling in May and transportation prices dropped, the Labor Department said. In addition to moderate food and fuel costs, economists attributed the modest inflation performance to strong competition from imports, which has helped to keep the costs of domestic goods low, and slow growth in the economy.

The sluggish economy has contributed to lower wage demands, reflected in the continued high rate of unemployment, and the low rate of use of American plant and equipment.

A separate government report issued Tuesday suggested that economic activity may be on the rise again. The Commerce Department reported that new orders for factory durable goods rose 1.8 percent, following a 3.3 percent increase in May. Both months' increases reflected large orders for defense capital goods, the department said.

Excluding defense orders, new orders increased 0.7 percent in June and 0.6 percent in May.

Commerce Secretary Malcolm Baldrige said that the new orders reports "suggest that the goods-producing sector of the economy may be emerging from its doldrums of the past year."

"The main problem for our manufacturing industries has been the high level of the dollar," Mr. Baldrige said. "A quick resolution of our budget problems would lower interest rates and the dollar further."

If Mr. Baldrige is correct, a pickup in manufacturing activity could increase inflation somewhat down the road, economists said. They also said another trouble spot in the price picture could be services whose prices have continued to escalate.

Jerry Jasinski, chief economist for the National Association of Manufacturers, said, "Despite the recent 13 percent fall in the dollar, the exchange rate is still so overvalued that competitive pressure from import prices will hold down domestic inflation."



'Yugo' minicars at a production line in a Kragujevac, Yugoslavia, factory.

'Yugo' Minicar to Make U.S. Debut Importers Hope \$4,000 Price Lures Buyers

By Warren Brown

WASHINGTON — One of the most ambitious campaigns to market a foreign auto since the Volkswagen Beetle arrived here in 1949 will begin in Washington and Baltimore next month.

Ambitious? Call it audacious. Consider: A Yugoslav auto maker, Zavod Crvena Zastava, will send the first of an annual U.S. allotment of 40,000 minicars to Baltimore Harbor by Aug. 14.

The cars, tiny 1.1-liter, four-cylinder, four-speed manual-transmission jobs called Yugos, will go on sale Aug. 26 at Washington's Capital City Motor Cars. It will be the first dealer in the United States to officially offer the new imports, according to the Yugoslav Embassy.

The cars will carry a port-of-entry price of \$3,990, but destination charges in the Washington area could boost that base price to \$4,215. An AM radio might get the price up to about \$4,300. Adding an air conditioner would put the sticker into the \$4,900 range before taxes, title and other locally applicable fees.

But buyers who could live without a radio and cool air conceivably could drive away for under \$4,000. That's nearly \$1,000 less than the average price of a three-year-old used car in the Washington area, and less than the 1985 base price of \$5,195 for the Mazda GLC three-door model, one

of the less expensive new cars sold in the United States.

"You can put this car on your MasterCard Card," said Wayne Phillips, general manager of Capital City Motor Cars. "We're going to get a lot of people who've been shut out of the market by new-car prices, and we're going to get people who can't get into used cars, too."

But Mr. Phillips and William E. Prior, president of the Montvale, New Jersey-based Yugo America Inc., said their strategy was not limited to the selling price.

"We're offering a good value," said Mr. Prior, who was in Washington last week with several Yugoslav government officials to inaugurate Capital City Motor as Yugo's "Dealer No. 1."

The estimated 54 dealers who will start selling Yugos in the Northeast are being urged to market the minicars as entry-level, basic transportation.

"The engine and transmission in this car are basically elementary. But they're bullet-proof. They're durable. People in Yugoslavia have to hang onto their cars a long, long time. The cars have to last," Mr. Prior said.

He conceded that there is doubt within the U.S. auto industry about any manufacturer's ability to offer a quality car for \$4,000.

The dealers' profit margin on that kind of car would be too low, the labor and materials costs too

OPEC's Price Cuts Are Expected to Be Minor

By Bob Hagerty

GENEVA — Oil ministers from the Organization of Petroleum Exporting Countries struggled Tuesday to reach a compromise expected to involve minor cuts in the official prices of heavy crudes.

Saudi Arabia and Kuwait, both big producers of heavy crude, are seeking reductions of around 50 cents, authoritative sources said. But both countries appeared eager to find a compromise that would

satisfy as many of OPEC's 13 members as possible.

Arab heavy, a key Saudi crude, is officially priced at \$26.50, compared with the free-market price of about \$25. Because Saudi Arabia, unlike most OPEC members, insists on charging the official price, its oil sales have plunged in recent months. The Saudis hope a more realistic price will help revive sales.

Ecuador and Venezuela have supported the idea of trimming heavy prices. Some other OPEC

Arco Had Loss Of \$1.1 Billion In 2d Quarter

The Associated Press

NEW YORK — Atlantic Richfield Co. reported on Tuesday a record quarterly loss for an oil company, a \$1.1 billion deficit in the second quarter that resulted from a previously announced decision to streamline its business.

Arco's loss, which also was one of the biggest in the history of any company in the United States, had been expected because of an earlier decision to take a one-time-only \$1.5-billion charge against earnings for restructurings that include getting out of the business of selling gasoline on the East Coast.

Meanwhile, Exxon Corp., the world's largest industrial company, said its profit tumbled 44.8 percent as it set up a contingency fund for losses that may result from a court judgment, now being appealed, that it overpriced crude oil between 1975 and 1981.

Phillips Petroleum Co. said its profit dropped 52.4 percent because of the sharply higher interest expenses associated with a \$4.5-billion stock buy-back program it implemented to escape from two hostile takeover bids.

The reports Tuesday were a contrast to the double-digit gains announced Monday by four large oil companies as a result of a rise in gasoline prices despite a worldwide drop in crude oil prices.

Arco said the loss of \$1,099 billion came on revenue of \$5,771 billion, compared with a profit of \$406 million, or \$1.57 a share, on revenue of \$6,093 billion a year earlier.

The loss trailed the record \$4.87 billion loss posted in the fourth quarter of 1983 by American Telephone & Telegraph Co., which had resulted from bookkeeping changes to revalue assets before the breakup of the Bell System. But it was almost as big as the \$1.16 billion loss reported in the second quarter of 1984 by Continental Illinois Corp. and the \$1.15 billion loss in the fourth quarter of 1982 reported by Bethlehem Steel Corp.

Arco said its profit from continuing operations, which exclude extraordinary charges, would have been \$402 million, or \$1.79 a share, compared with \$455 million, or \$1.76 a share, a year earlier.

Sanford Margoshes, an oil industry analyst at the securities firm Shearson Lehman Brothers Inc. in New York, said the huge loss was not a cause for alarm because it represented a program "designed to improve the efficiency of operations by getting rid of parts of the business that didn't fit."

But he also said Arco may have gone too far by raising its debt burden to 55 percent of assets from 26 percent last year at a time when

(Continued on Page 11, Col. 7)

GM Earnings Fell 27.9% In 2d Period

United Press International

DETROIT — General Motors Corp. reported on Tuesday a 27.9-percent drop in net income for the second quarter of 1985, citing the impact of future model programs, sales incentive programs and last year's acquisition of the computer company, EDS Corp.

Net income for the quarter amounted to almost \$1.16 billion, down from \$1.6 billion reported in the second quarter of 1984. Earnings per share were \$3.52, a 31-percent drop from \$5.09 a share reported a year ago.

Sales for the quarter reached a record \$25 billion, up 16 percent from \$21.6 billion in the 1984 second quarter.

Roger B. Smith, GM chairman, and F. James McDonald, the president, said in a statement that the company was "still feeling the impact of front-loaded future model programs as well as costs related to the EDS implementation and recent sales incentive campaigns to stimulate the market."

For the first six months of 1985, GM reported a net income of \$2.23 billion, down 30.7 percent from \$3.22 billion in the first half of 1984. Per share income declined to \$6.78 from \$10.20 a share in 1984. Sales were a record \$49.2 billion, up almost 11 percent from \$44.4 billion a year ago.

The reduction in heavy crude would be presented as an adjustment of "differentials" between the prices of heavy and light grades rather than as a price cut.

solve the problem of one party at the expense of other parties. The official prices of the more expensive light crudes are widely expected to be unchanged, even though most OPEC members have been forced to sell their light varieties at several dollars below the official rates.

Such resentment is evident even among Arab crude allies as the United Arab Emirates, which produces light crude, Al-Jubail, a semi-official newspaper in Abu Dhabi, said in an editorial Tuesday that the Saudi price proposal "will

Currency Rates

Cross Rates	July 23
American dollar	1.0000
British pound	1.6450
French franc	6.5596
German mark	1.3636
Italian lira	2.3667
Japanese yen	163.89
Swiss franc	1.4803
U.S. dollar	1.0000
West German mark	1.3636
Yugoslav dinar	23.667

Other Dollar Values	July 23
Australian dollar	0.7500
Canadian dollar	0.7500
Dutch guilder	3.7603
Spanish peseta	166.64
Swedish krona	4.6656
Swiss franc	1.4803
U.S. dollar	1.0000
West German mark	1.3636
Yugoslav dinar	23.667

Source: Reuters. (1) U.S. dollar = 100 (2) U.S. dollar = 100 (3) U.S. dollar = 100 (4) U.S. dollar = 100 (5) U.S. dollar = 100 (6) U.S. dollar = 100 (7) U.S. dollar = 100 (8) U.S. dollar = 100 (9) U.S. dollar = 100 (10) U.S. dollar = 100 (11) U.S. dollar = 100 (12) U.S. dollar = 100 (13) U.S. dollar = 100 (14) U.S. dollar = 100 (15) U.S. dollar = 100 (16) U.S. dollar = 100 (17) U.S. dollar = 100 (18) U.S. dollar = 100 (19) U.S. dollar = 100 (20) U.S. dollar = 100 (21) U.S. dollar = 100 (22) U.S. dollar = 100 (23) U.S. dollar = 100 (24) U.S. dollar = 100 (25) U.S. dollar = 100 (26) U.S. dollar = 100 (27) U.S. dollar = 100 (28) U.S. dollar = 100 (29) U.S. dollar = 100 (30) U.S. dollar = 100 (31) U.S. dollar = 100 (32) U.S. dollar = 100 (33) U.S. dollar = 100 (34) U.S. dollar = 100 (35) U.S. dollar = 100 (36) U.S. dollar = 100 (37) U.S. dollar = 100 (38) U.S. dollar = 100 (39) U.S. dollar = 100 (40) U.S. dollar = 100 (41) U.S. dollar = 100 (42) U.S. dollar = 100 (43) U.S. dollar = 100 (44) U.S. dollar = 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BUSINESS ROUNDUP

Dornier Seeks Link To Airbus

By Warren Getler

MUNICH — The chief executive of Dornier GmbH said Tuesday that the company is hoping to gain a formal link to the Airbus Industrie consortium by seeking a minority stake in Deutsche Airbus GmbH.

Deutsche Airbus is a subsidiary of West Germany's leading aerospace group, Messerschmitt-Bölkow-Blohm, which owns a 37.9 percent share in Airbus Industrie, as does France's state-owned Aérospatiale. British Aerospace has 20 percent and Spain's Construcciones Aeronáuticas has the remaining 42 percent.

Manfred Fischer, chief executive at Dornier, said Tuesday that Dornier is interested in a stake in Deutsche Airbus "clearly being a 25 percent blocking minority but one that could be more than a 10 percent holding."

Mr. Fischer said he had held talks earlier this year with the MBB chief, Hans-Joachim Vogel, to discuss a stake in Deutsche Airbus. "So far MBB has made no express objections to our proposal of obtaining a stake in Deutsche Airbus," Mr. Fischer said.

MBB had no comment but the company is to hold its annual press conference Wednesday when the Dornier interest in Airbus is expected to be discussed.

Mr. Fischer said Dornier's interest in acquiring a stake in Deutsche Airbus has the full backing of Dornier's parent, the West German automaker, which recently bought a 65.5 percent controlling interest in Dornier.

Industry sources say that MBB, which views the Dornier-Daimler link up as a significant competitive threat, may be very reluctant to accept a Dornier stake in its Deutsche Airbus subsidiary.

Dornier, West Germany's second largest aerospace group after MBB, does subcontracting work on several Airbus models, including the A300-600, A310, A320 passenger planes.

Dornier executives say lower-than-expected returns on subcontracting work on Airbus planes for MBB depressed 1984 earnings, which are expected to be released on Wednesday. Dornier had net income of 26 million Deutsche marks (\$9 million) in 1983.

The financial-services company had earnings of \$140 million or 61 cents a share in the second quarter compared to \$139 million or 64 cents in the second quarter of 1984.

Tiny Yugoslav Auto to Hit U.S. Market With Pitch to Entry-Level Buyer

(Continued from Page 9) high, and the distribution and parts-supply schemes too expensive to make such a car profitable, the critics say.

But Mr. Prior contends that Yugo has many things going for it that the critics fail to consider.

Zastava's assembly workers are paid the equivalent of between 60 cents and \$1 an hour in U.S. dollars. The company produces 92 percent of its own components and raw materials, including steel.

Claims Mount Against Carriam

Reston

HONG KONG — Carriam Investments Ltd.'s liquidators said Tuesday they were reviewing new claims worth about 1.5 billion Hong Kong dollars (about \$193 million) against the company.

They said the new claims could bring total deficiencies to more than \$5 billion dollars.

The liquidators, the accounting firm of Arthur Young International, said the claims were not included in an initial estimate prepared by Carriam's directors after the company went into liquidation in November 1983.

A company official said it might be years before the liquidation was completed.

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Commodore Pins Hopes on Amiga

By David E. Sanger

New York Times Service

NEW YORK — In the first introduction of a major home computer system since IBM brought out its ill-fated PCjr two years ago, Commodore International Ltd. on Tuesday displayed its long-awaited Amiga, hoping the machine's dazzling color graphics and stereo sound capability will stem Commodore's multimillion-dollar losses.

The Amiga marks a sharp change in strategy for Commodore. It will carry a base price of about \$1,400, much more expensive than the Commodore 64 that put the company's logotype in millions of living rooms. Company officials say it is aimed not only at home users but small businesses and students, making it a competitor of Apple Computer Inc.'s Macintosh.

The Amiga and the Macintosh are similar. Both boast good graphics and are built around the same microprocessor. But unlike the Macintosh, the Amiga's graphics are in color, and retailers and consultants who have seen the results describe them as stunning. Until now, they contend, computer-generated drawings of the Amiga's quality and resolution were available only on \$10,000 engineering workstations.

"People who haven't said anything nice about a home computer in three years have about the Amiga," said Bennett Wiseman, an analyst for Infocorp, a market research group in Cupertino, California. "This is the kind of computer that people really get excited about. But these days, that is no guarantee of success."

Right now, a guarantee is precisely what Commodore needs. In the quarter ended in March, Commodore lost \$20.8 million.

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Profit Declines At British Gas

Reston

LONDON — Britain's government-owned gas corporation, a candidate for denationalization, announced on Tuesday a 17-percent decline in its pretax profit.

Sir Denis Rooke, the chairman of British Gas, said at a news conference that 1984-85 profit fell to £1 billion (\$1.39 billion) from £1.21 billion the previous year.

Sir Denis said British Gas had faced stiff competition in all its main business areas last year. The company will retain its monopoly of the British gas market, and Sir Denis said denationalization would allow the corporation to expand its exploration program to areas outside the British Isles.

Analysts are skeptical, but say Commodore should be able to sell 50,000 to 100,000 units by the end of the year. That figure depends partly on how many computer retailers agree to carry the machine.

Italy's 600-Million-ECU Offer Said to Be Fully Subscribed

Reston

In the Euromarket Tuesday: The Italian Treasury's 600-million-Euro currency-unit offer of eight-year Treasury certificates has been fully subscribed, the Bank of Italy said. The certificates, priced at par, carry a fixed annual interest rate of 9 percent.

The offer closed early because of strong demand helped by the devaluation of the lira last Saturday.

Lira subscriptions to the offer were calculated on the basis of the official ECU-lira exchange rate ruling July 18 and equivalent to 1,459 lire. This compares with an ECU-

lira rate on Monday, when subscriptions opened, of 1,508 lire. Banque Nationale de Paris was issuing, under its own lead management, 75 million ECU of 8 1/2 percent, 10-year Eurobonds priced at par, bond market sources said. They said the issue is callable after seven years at par.

Fees comprise a 1 1/2 percent selling concession, a 1/2 percent management fee and a 1/2 percent underwriting fee. The bonds are available in denominations of 1,000 ECU and will be listed in Luxembourg. The pay date is Aug. 29.

Australia Gas Light Co. issued a 50-million Australian dollar bond due in 1992 and priced at 100%. The issue pays 13 percent and was not immediately quoted on the grey market.

Fuji Bank Ltd. and Mitsui Bank Ltd. in separate London newspaper announcements, said they are calling \$25-million floating-rate certificates of deposit issues for early redemption.

The Fuji issue, launched in 1983, will be repaid on Sept. 11 at par, while the Mitsui issue, also launched in 1983, will be repaid Aug. 30 at par.

Arco Had Large Loss

(Continued from Page 9) there is growing uncertainty about the course of oil prices.

For the first half, Arco reported a loss of \$747 million on revenue of \$11.538 billion, against a profit of \$801 million, or \$3.10 a share, on revenue of \$12.571 billion a year earlier.

Exxon said profit in the second quarter fell to \$745 million, or 99 cents a share, on revenue of \$22.97 billion against profit of \$1.35 billion, or \$1.63 a share, on revenue of \$24.31 billion.

It said \$345 million, or 71 cents a share, of the decline in earnings reflected an extraordinary charge against earnings to estimate a contingency for losses in the oil-pricing case. Without that charge, earnings would have been \$1.29 billion, or \$1.70 a share.

For the first half, Exxon said earnings fell to \$2.07 billion, or \$2.70 a share, on revenue of \$46.23 billion, against earnings of \$2.83 billion, or \$3.39 a share, on revenue of \$49.21 billion.

Phillips, the nation's eighth-largest oil company, said second-quarter profit fell to \$110 million, or 49 cents a share, on revenue of \$3.98 billion, against profit of \$231 million, or 50 cents a share, on revenue of \$4.05 billion a year earlier. Earnings per share from the previous year were adjusted for a recent 3-for-1 stock split.

For the first half, earnings fell to \$216 million, or 64 cents a share, from \$424 million, or a restated 92 cents a share. Revenue dipped to \$8.28 billion from \$8.01 billion.

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Sweden	S.Kr.	1,420	755	414
Switzerland	S.Fr.	622	333	182
Rest of Europe, North Africa, former French Africa, U.S.A., French Polynesia, Middle East	\$	322	174	95
Rest of Africa, Canada, Latin America, Gulf States	\$	442	238	130

Steady GNP Rise Is Seen for Japan

BUSINESS PEOPLE

Danish Bank Names New York Branch Head

By Brenda Hagerty
International Herald Tribune

LONDON — Copenhagen Handelsbank A/S, one of the largest commercial banks in Denmark, has announced the composition of the top management of the branch that it plans to open in New York in November.

The bank said it has recruited Werner Stange, a senior vice president at Morgan Guaranty Trust Co. of New York, to serve as general manager of the new branch, its fourth overseas. Mr. Stange set up Morgan's offices in Zurich and Frankfurt.

He will be assisted by Bent Hansen, who has been appointed deputy general manager of the branch. Since August 1983, Mr. Hansen has been responsible for Nordic American Banking Corp.'s Danish desk.

The establishment of the New York branch is a result of Copenhagen Handelsbank's decision earlier this year to sell its 25-percent stake in the New York-based consortium, Nordic American Bank, and the bank's continuing international expansion, which in 1984 led to the opening of its other overseas branches in London, Los Angeles and Singapore.

Pharmacia AB, the Swedish pharmaceuticals and biotechnology company, has appointed Lars-Eric Usterman president of its Dutch subsidiary, Pharmacia Nederland BV.

Commercial Bank of Kuwait has appointed Mohammed Abdulrahman Yahya as chief general manager. Mr. Yahya, who in 1981 was appointed general manager with specific responsibility for the credit, financial planning and personnel development areas of the bank, succeeds Matt van der Wee, who will continue as an adviser to the board.

Robeco, Europe's largest investment group, has opened a representative office in Tokyo to be headed by Bas Van Wersch, who previously was Robeco's portfolio manager for Southeast Asia.

Bechtel China Inc. has appointed Raymond Portlock president, succeeding the late Sydney B. Forster. Mr. Portlock moves to Beijing from San Francisco, where he was with Bechtel Petroleum.

Citibank has appointed Leonard Maestre country corporate officer for Liberia, based in Monrovia. He was director of the New York-based bank's divisional training center in Athens. Ahmed Jelani takes over responsibility for the training center and also becomes personnel head for the division. Succeeding Mr. Jelani in Khartoum as country corporate officer for Sudan is Mohammed Qassim, who previously was Citibank's senior operations officer for Sudan.

STC Telecommunications Ltd., London, has named Len Lauderdale to the new post of area marketing manager for India. He will be based in New Delhi and be responsible for business development in India, Sri Lanka, Bangladesh and Nepal.

Esso Australia said Stuart McGill will become its managing director on Oct. 1 with the retirement of J.F. Kirk. Mr. McGill is also expected to be elected chairman. John Schubert will become

deputy managing director of the company.

Chase Manhattan Bank has appointed Jeremy Jewitt assistant general manager, U.K. corporate banking. He was assistant general manager of the New York-based bank's branch in Paris.

CURRENCY MARKETS

Dollar Mixed in New York, Off in Europe

Compiled by Our Staff From Dispatches
NEW YORK — The dollar rebounded in New York after nervous and volatile trading Tuesday but dealers said downward pressure remained despite favorable factors for the dollar.

The dollar had declined in earlier European trading.

"The dollar still feels weak," said James McGroarty, vice president at Discount Corp. of New York. "We have to consolidate before it moves lower, but there is growing evidence that the dollar's retreat has more significance than we were willing to attach to it."

The volatility in New York was caused by traders and speculators, but dealers said the longer-term downward trend was attributable to some good selling by overseas institutions, such as pension funds and trust accounts.

In New York, the British pound

Evan Galbraith To Be a Director

International Herald Tribune

LONDON — Evan G. Galbraith, 57, the U.S. ambassador to France who is leaving his post later this month, will become a director and senior adviser of Morgan Stanley International, the international arm of the privately held international investment bank, Morgan Stanley & Co.

Prior to his appointment as ambassador to France by President Ronald Reagan in 1981, Mr. Galbraith, a lawyer, had 20 years of experience in international investment banking, beginning in 1963 at Morgan & Cie in Paris.

Mr. Galbraith was also a deputy managing director of the company.

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KLM Orders 10 Airliners From Boeing

The Associated Press

AMSTERDAM — KLM, the Dutch national airline, has ordered 10 Boeing 737 passenger planes to replace part of its medium-range fleet, the airline announced Tuesday.

The value of the order, the first purchase of Boeing jets by KLM, is estimated at 1.1 billion guilders (\$383.3 million), according to an airline spokesman.

The 737-300 airplanes, which carry 124 passengers, will burn 25 percent less fuel than the Douglas DC-9s they are to gradually replace, beginning next year, said the spokesman.

Earlier this year, KLM management decided to replace its fleet of DC-9s with two types of aircraft, one for low-density short routes, and one for busier medium ranges.

In May, the airline announced that it had ordered 10 Dutch-built Fokker F-100 passenger planes for its shorter routes. The KLM spokesman said the Boeing 737s would be used on the airline's European routes.

He said the feeble reaction to the positive indicator was "a sign of how weak the dollar is at the moment. No one wants dollars now."

In Tokyo, the dollar closed at 239 Japanese yen, down from 240.65 yen Monday.

In London, the pound rose to \$1.4125, compared with \$1.3895 Monday.

Other late dollar rates in Europe, compared with Monday's levels: 2.85 West German Deutsche marks, down from 2.8856; 2.339 Swiss francs, down from 2.375; 8.665 French francs, down from 8.778; and 1,907.80 Italian lire, down from 1,918.10.

Among European currency traders, skepticism about the ability of the U.S. economy to revive strongly, coupled with waning confidence in Washington's ability to cut the budget deficit, are deterring some buyers, analysts said. (AP, UPI, Reuters)

Earnings

Revenue and profits, in millions, are in local currencies unless otherwise indicated.

Union Camp 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041 2042 2043 2044 2045 2046 2047 2048 2049 2050 2051 2052 2053 2054 2055 2056 2057 2058 2059 2060 2061 2062 2063 2064 2065 2066 2067 2068 2069 2070 2071 2072 2073 2074 2075 2076 2077 2078 2079 2080 2081 2082 2083 2084 2085 2086 2087 2088 2089 2090 2091 2092 2093 2094 2095 2096 2097 2098 2099 2100 2101 2102 2103 2104 2105 2106 2107 2108 2109 2110 2111 2112 2113 2114 2115 2116 2117 2118 2119 2120 2121 2122 2123 2124 2125 2126 2127 2128 2129 2130 2131 2132 2133 2134 2135 2136 2137 2138 2139 2140 2141 2142 2143 2144 2145 2146 2147 2148 2149 2150 2151 2152 2153 2154 2155 2156 2157 2158 2159 2160 2161 2162 2163 2164 2165 2166 2167 2168 2169 2170 2171 2172 2173 2174 2175 2176 2177 2178 2179 2180 2181 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SPORTS

Mexican Cup Hope Runs Spain's Gauntlet

International Herald Tribune

LONDON — Of all the ways to stay hale and hearty for the greatest challenge in a man's life, the least recommended has to be performing as an imported superstar in Spanish soccer.

Johan Cruyff hobbled away from it. Diego Maradona fled after surgeons pined together his ruthlessly shattered leg.

And if Hugo Sanchez is to fulfill his destiny, he has 10 months to dodge the Spanish boot.

Quite simply the most gifted player Mexico has produced, Sanchez is expected to return home the prodigal son next May. His nation's one authentic World Cup hope depends on him.

Both Sanchez and the country will know there is no valid insurance policy on his making the team. "I have to try not to think too

much about it at this early stage," he says.

But the World Cup's always at the back of my mind, and I expect it will come increasingly to the foreground as the months pass.

Those months, Sanchez might

ROB HUGHES

feel, would pass more comfortably if he were not Spain's most wanted mercenary — his hottest shot, most coveted transfer prospect, most obvious target.

Hugo Sanchez is far and away the best foreigner in Spain, and perhaps better than our own superstars, commented Ramon Mendoza last month after Sanchez, already the top First Division scorer with 19 goals, had won the Spanish Cup for Atletico Madrid.

Mendoza happened to be at that

time president-elect of big brother Real Madrid. The intent of his flattery was crystal-clear: "I would love to see Sanchez wearing the white of Real Madrid," he said.

The news that Mendoza had talked with the Mexican, as had Barcelona last summer and half of Europe's elite this year, precipitated passionate "Sanchez Must Stay" demonstrations.

The attractions are obvious. Sanchez, 27 two weeks ago, should be coming to his peak. Small, stocky and explosive, he has a blistering turn of speed, an appetite for big occasions (witness his goals against

champion Barcelona, his scintillating display in a 4-0 thrashing of Real Madrid) and a flair for the spectacular overhead acrobatic kick.

He also, until now, has proved pretty adept at looking after himself. That art — a mixture of judicial

retreat, awareness and, when necessary, getting one's retaliation in first — was, he says, taught him by the wily Brazilian Caballo, with whom he shared goal-scoring duties before leaving Universidad Nacional Autonoma de Mexico for Atletico in 1981.

Atletico, in debt a reported \$4 million (about \$5.5 million), has walked a financial tightrope during Sanchez's time in Madrid. It pays him \$25,000 or \$250,000 depending on which media source you believe, but with Europe beckoning, it could ill afford to be without the match-winner.

So the tightrope now is under Sanchez's feet.

He sees the World Cup horizon, but cannot simply prepare to be at his peak on arrival. First, his club and its tens of thousands of hungry fans expect him to run to the breaking point for them.

It would be of course to human nature not to go quite so often where danger lurks, the thought of which must have haunted his Atletico president while the summer bidding was under way.

And yet, far away, Mexico City calls. Mexico, where his skills were honed daily in the streets around Jardin Valbuena. Home, where his father Hector gave up soccer as a career because it didn't support six children — two of whom, Hector Jr. and Horacio, also became soccer players, and another, Hugo's sister Herlinda, an Olympic gymnast in Montreal.

So the man has sporting pedigree, and he married into sport, too, his wife being the daughter of a soccer coach. Another coach, Bora Milutinovic, laudably having had to mold a Mexican team entirely without access to Sanchez, who last played for his country four years ago.

"Bora tells me young Luis Flores and I could be the ideal combination," says Sanchez. "And though I have no regrets about coming to Europe, I hope the coach is right

and we can do better than the terrible results in 1978, which for me, in 19, was very traumatic."

God (and Spain's defenders) willing, Sanchez has a year to go on dreaming of a greater homecoming. He is hardly able to forget how Mario Kempes was called from exile with Valencia to score the prodigious goals that gave Argentina the 1978 World Cup.

Perhaps he also saw how fleeting Kempes's glory was, how within a couple of years the Argentine was on the road looking in vain for someone to believe he could climb out of his subsequent anticlimax.

The wise sportsman may dream his dreams. But he also builds in something for the future.

Whatever 1986 brings Hugo Sanchez, he anticipates, a decade from now, making a living by pulling teeth.

That's better than tearing out hair, and Sanchez, who qualified in dentistry before leaving Mexico, would surely be quite happy to take a raincheck on gold fillings. There is, after all, insurance. But it is not the stuff of dreams.



Sanchez: Stocky and explosive, a blistering turn of speed and an appetite for big occasions.

A Horse Only Time Could Beat

Compiled by Our Staff From Dispatches

WASHINGTON — When future generations of racing fans look back on John Henry, they will be most impressed by the statistics he compiled.

Few horses — even great "iron horses" of the past like Kelso and Forego — were so consistent and durable. John Henry raced 83 times over an eight-year career and scored 39 victories, most of them in top-class competition.

And even if inflation and bonus payments make million-dollar earnings commonplace in the future, few thoroughbreds are going to approach John Henry's bankroll of \$6,397,947.

But cold numbers don't begin to convey John Henry's virtues or his significance in the sport. In an era when the cost of thoroughbreds has skyrocketed and only the super-rich can afford the best-bred horses, he was a reminder that the little man still can strike it rich in racing.

He was proof, too, that the cornball qualities of heart, courage and competitiveness sometimes can overcome a humble pedigree.

The only thing John Henry couldn't overcome, ultimately, was age. He injured a tendon last week while training in California for his first start as a 10-year-old, and while trainer Ron McAnally professed hope that the gelding could make another comeback, he had to know that this was the end. So, too, did his owner, Sam Rubin.

When McAnally explained the nature of the injury, Rubin told him, "We've come a long way and we've had a lot of good times. Good things don't last forever."

On Sunday, Rubin called McAnally from New York with his decision: John Henry would be retired. How did he think John Henry would take the retirement?

"Probably not well," said Rubin. "He lives for racing. Besides, John Henry doesn't like me. Never did. He'll bite me and almost everybody else who comes near him, except Ron and his groom, the country stable boy, Louie. But when he's grazing, about 3 in the afternoon, you can sometimes go over and he'll let you pet him. I do. I'm thankful for small favors."

What made John Henry so good? How could a horse who sold originally for \$1,100 (and eventually cost Rubin \$25,000) go on to dominate U.S. racing?

McAnally has always insisted that John Henry was an unusually intelligent racehorse, and his record suggests that he did learn from experience. Other horses might have this capability, but the good ones usually are retired to stud so quickly that they don't get a chance to show what they could accomplish in the long, long run. As a gelding, John Henry did.

John Henry never showed much ability until he was introduced to turf racing as a 3-year-old; before then he even had lost a \$20,000 claiming race on the dirt. He did not win his racing on the grass thereafter, and when he won his first Eclipse award at the age of 5, he was considered strictly a turf specialist. But during the next year he entered, and won, the country's two most prestigious races for older horses on the dirt: the Santa Anita Handicap and the Jockey Club Gold Cup. Maturity and experi-



John Henry, en route to victory in the 1984 Arlington Million.

ence clearly had taught him something.

John Henry was smart in competition, too. Some great horses have only one running style and are limited accordingly, but John Henry could do anything. Although obstreperous in the mornings, he was perfectly tractable for jockeys who rode him in the afternoon.

If there wasn't much speed in a field, John Henry could go to the front. If a speed duel developed, he would patiently sit behind the leaders and let them blow each other out. If necessary, he could come from far off the pace, as he did in last fall's Ballantine Classic at the Meadowlands, which proved to be the last race of his career.

"We thought John was sick that night," said Rubin. "In his stall his head almost touched the floor. Usually, it takes three or four people to saddle John, but now nobody had to hold him. And he walked around like a shimp."

"Well, the race starts and he's 15 lengths behind. We look at each other in the box, and I say, 'I don't believe this. Something's wrong with this horse.' Then lo and behold, he starts to fly. Next thing I know he's at the head of the stretch and measuring the horses in front of him, about eight of 'em."

"Chris McCarron, his jockey, won't let him. He knows John doesn't like the whip. And Chris has said that if there's a hole, John'll find it himself. He's that kind of competitor. But Chris will chuck at him to maybe remind him

"Now John comes around and takes off down the stretch. He passes all the horses and wins going away by 2 1/4 lengths and equals the track record."

"There was never an explanation of what was wrong with John before the race," said Rubin. "It was a mystery. And I don't think anyone imagined that he would never race again."

John Henry was helped by the proliferation of big-money grass races during his career; top horses of previous generations had to run mostly on the dirt to earn big money, and the harder surfaces took a greater physical toll on them. John Henry was abetted, too, by the craven racing secretaries at the tracks where he campaigned.

Rather than risk losing a big box-office attraction, they would give him soft weight assignments for handicap races in order to ease him. So while Kelso and Forego — the great geldings with whom he was often compared — frequently had to tote weights above 130, John Henry never carried more than 127 in his last two years of racing.

But his greatest asset was an indomitable competitive spirit. In 1981, he earned his first horse of the year title with consecutive victories in the Arlington Million, the Jockey Club Gold Cup and the Oak Tree Invitational. His margins of victory were a nose, a head and a neck. He was a horse who wouldn't surrender — except to the inevitability of growing old. (WP, NY)

Hrbek's Grand Slam Defeats Orioles, 5-4

Compiled by Our Staff From Dispatches

MINNEAPOLIS — Ken Hrbek hit a bases-loaded home run, his third homer in his last seven at-bats and his second grand slam in four games, to lift Minnesota to a 5-4

BASEBALL ROUNDUP

victory over Baltimore here Monday night. Hrbek's 430-foot, soot-smoking shot off Strom Davis put the Twins ahead for good.

Recovering from a shoulder sprain, Hrbek ended the first half of the season hitting .243, but opened the second half with a game-winning grand slam in an 8-4 victory over New York on Thursday and a two-run, pinch-hit homer in Sunday's 5-2 loss to the Yankees.

But Hrbek's 12th homer of the year was overshadowed by Earl Weaver's fourth-inning performance. The Baltimore manager vehemently protested third base umpire Rocky Roe's ruling that left fielder Randy Bush had not dropped a line drive hit by Fred Lynn.

"I knew I had caught the ball," Bush said, and I knew I was going to hit the ball really hard. When I hit the ball, I crashed into Mark (relief pitcher Mark Brown, in the Minnesota bullpen). He had a ball in his hand, and I popped out. After seeing the replay and how it looked from the stands, I can see how Weaver might be upset."

Weaver argued with Roe and home plate umpire Dale Ford for 12 minutes before getting the thumbs (Weaver's 90th ejection lifetime but the first since he returned to the Orioles helm June 14). He then walked out to talk to Bush.

"Bush looked like he was getting mad," Weaver said. "I don't blame him. Some idiot's walking out to left field. He's got to think, 'This guy's going to shoot me.' I said, 'You know you didn't catch the ball — tell him you didn't.'"

First base umpire Ken Kaiser finally escorted Weaver off the field.

Meanwhile, pitcher Mike Smithson had been cooling his heels in the Minnesota dugout. Manager Ray Miller, the pitching coach in Baltimore before being hired last season by the Twins, filed a protest because Ford did not give Smithson a chance to warm up after the delay. Said Miller: "I think there should be a limit as to how long a guy can argue."

Smithson went on to scatter eight hits in his six innings and register his fourth straight victory.

Red Sox 6, A's 4: With two doubles and a single, Wade Boggs extended the major league's longest hitting streak of the season to 25 games in leading Boston past visiting Oakland.

Blue Jays 3, Mariners 1: In Toronto, Tom Filer pitched seven innings of one-hit ball for his first major-league triumph since July 1982. Filer, recalled from the minors July 3, allowed just a second-inning single by Gorman Thomas.

White Sox 7, Tigers 4: In Chicago, Carlton Fisk equalized his career home run high by hitting his major league-leading 26th of the year as the White Sox handed Detroit its seventh loss in nine games.

Brewers 16, Angels 3: In Milwaukee, Ben Oglive — who drove in five runs — Cecil Cooper and Ted Simmons all homered in a 15-hit barrage that buried California.

Royals 5, Yankees 4: In Kansas City, Missouri, Willie Wilson and

Hal McRae had bases-loaded singles in a five-run fifth that carried the Royals past New York. Kansas City's George Brett, who had been leading the American League in batting average and had a 12-game hitting streak, went 0-for-3 and slipped to .355. Yankee Ricky Henderson went 2-for-5 and took over the batting lead at .356.

Rangers 7, Indians 1: In Arlington, Texas, rookie Odiel McDowell, who had singled twice earlier, led off the eighth with a homer that put Texas past Cleveland.

Phillies 7, Astros 6: In the National League, in Philadelphia, Phil Garner and Alan Ashby lost Mike Schmidt's two-out pop-up in the ninth, and Schmidt hit Jeff Heath-

ington's sacrifice fly.

Reds 10, Pirates 4: In Cincinnati, activated Dave Van Gorder, pinch runner for pitcher, pitched a perfect ninth.

Montreal 4, Braves 3: In Montreal, activated Dan Schatzeder, pinch runner for pitcher, pitched a perfect ninth.

NEW ENGLAND: Awarded to contract terms with Detroit, while reliever, R.V. Jett — showed Dave Allen and Bill Lingo, who received, and Troy Stens-

on.

NEW YORK: Signed George Aldrich, reliever, and Steve Carlton, pitcher, to one-year contracts. Released John Fingers, shortstop.

PHILADELPHIA: Signed Randall Clendenen, pitcher, and Tom Seaver, pitcher, to one-year contracts. Released Dave Van Gorder, pinch runner.

ST. LOUIS: Signed Lance Smith and Bob Melvin, pitcher, to one-year contracts. Released Steve Carlton, pitcher.

UNITED STATES Football League: SAN ANTONIO: Released all 44 players because of inability to meet two overdue payroll checks.

HOCKEY: National Hockey League: EDMONTON: Announced the retirement of Ted Green, assistant coach.

PHILADELPHIA: Named Paul Holmgren coach.

FAIRFAX: OAKLAND: Announced the retirement of Steve Carlton, pitcher.

Named Barbara Landauer interim athletic director.

Earl Weaver

"You know you didn't catch the ball."

cock's next pitch into the left-field seats for the game-winner. Schmidt had lofted a towering foul ball just to the left of home plate; neither catcher Ashby nor third baseman Garner could track it (Garner was charged with an error). "I've opened doors for guys like that myself," said Schmidt. "I know how they feel. I deserved to be out, but I'm glad I got one more swing."

Reds 5, Mets 1: In New York, Mario Soto turned in his sixth complete game of the season and broke a streak of eight consecutive losses in stopping the Mets.

Braves 7, Expos 1: In Montreal, Rick Mahler went the distance for the fourth time this year, and Bob Horner, Terry Harper and Bruce Benedict drove in two runs apiece as Atlanta topped the Expos.

Cardinals 5, Giants 4: In San Francisco, pinch-hitter Steve Braun stroked his second consecutive game-winning hit, a single in the eighth, to make Joaquin Andujar the winning pitcher in the majors at 16-4.

Cubs 5, Padres 3: In San Diego, Keith Moreland's eighth-inning single scored Davey Lopes from third with Chicago's deciding run. Lopes, 39, set up the winner when he doubled off Roy Lee Jackson and stole third, his second steal of the night and 37th of the year in 37 attempts. Moreland then bounced a hit over a drawn-in infield.

Phrases 6, Dodgers 3: In Los Angeles, rookie Sam Killebrew's first major-league home run, a three-run shot in the fourth, carried Pittsburgh past the Dodgers. (AP, UP)

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God (and Spain's defenders) willing, Sanchez has a year to go on dreaming of a greater homecoming. He is hardly able to forget how Mario Kempes was called from exile with Valencia to score the prodigious goals that gave Argentina the 1978 World Cup.

Perhaps he also saw how fleeting Kempes's glory was, how within a couple of years the Argentine was on the road looking in vain for someone to believe he could climb out of his subsequent anticlimax.

The wise sportsman may dream his dreams. But he also builds in something for the future.

Whatever 1986 brings Hugo Sanchez, he anticipates, a decade from now, making a living by pulling teeth.

That's better than tearing out hair, and Sanchez, who qualified in dentistry before leaving Mexico, would surely be quite happy to take a raincheck on gold fillings. There is, after all, insurance. But it is not the stuff of dreams.

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The wise sportsman may dream his dreams. But he also builds in something for the future.

Whatever 1986 brings Hugo Sanchez, he anticipates, a decade from now, making a living by pulling teeth.

That's better than tearing out hair, and Sanchez, who qualified in dentistry before leaving Mexico, would surely be quite happy to take a raincheck on gold fillings. There is, after all, insurance. But it is not the stuff of dreams.

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